

**SALEM COUNTY
VOCATIONAL TECHNICAL
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Salem County Vocational Technical Board of Education

Woodstown, New Jersey

For the Fiscal Year Ended June 30, 2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**Salem County Vocational Technical
Board of Education**

Woodstown, New Jersey

For the Fiscal Year Ended June 30, 2013

Prepared by

**Salem County Vocational Technical School
Business Office**

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OF THE SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
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INTRODUCTORY SECTION

Vocational Technical Schools

www.scvts.org
(856) 769-0101 ext. 310
Fax. (856) 769-3602

Office of the Business Administrator
880 Route 45
Box 350 Woodstown, NJ 08098-0350

John R. Swain
Superintendent

Andrew R. Eubanks
Business Administrator

November 25, 2013

Honorable President and
Members of the Board of Education
Salem County Vocational Technical School District
County of Salem, New Jersey

The comprehensive annual financial report of the Salem County Vocational Technical School District for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the final position and results of operations of the various funds and the account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit information. The introductory section includes this transmittal letter, Management's Discussion and Analysis (MD&A), the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996; the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Salem County Vocational Technical School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Salem County Vocational Technical Board of Education and all its schools constitute the District's reporting entity. The Salem County Vocational Technical School District is one of the 21 county vocational-technical schools in New Jersey. A list of services provided follows:

- A. Full/Shared-time Career and Technical Education
Air Force Junior ROTC (Military Science)
Allied Health Professionals

A. Full/Shared-time Career and Technical Education (Cont'd)

- Auto Collision Technology
- Automotive Technology
- Child Care and Early Childhood Education
- Computer Assisted Design and Drafting
- Construction Technology
- Cosmetology
- Culinary Arts
- Electrical Technology
- Graphics Technology
- Information Technology: Computer Hardware and Software
- Law Enforcement and Public Safety
- Welding

B. Salem County Arts, Science and Technology Academies

- Academy of Biological and Medical Science at the Salem County Career and Technical High School
- Academy for Energy Applications at the Salem County Career and Technical High School
- Academy of Creative and Performing Arts
 - Vocal Music – Hosted at Pennsville High School
 - Dance – Hosted at Schalick High School
 - Drama – Hosted at Schalick High School
 - Instrumental Music – Hosted at Pennsville High School
 - Visual Arts – Hosted at Schalick High School
- Academy of Culinary Arts and Hospitality at the Career and Technical High School
- Academy of Engineering and Technology – Hosted at Penns Grover High School
- Academy of Communications and Information Technology – Hosted at Pennsville High School

C. Special Needs Programs

- Career Orientation
- New Jersey Regional Day School at Mannington

D. Post Secondary Programs/Community Education – Allied Health Professions, Medical Assistant, Multi-Skilled Technician, Certified Nurse Aide, Homemakers Home Health, Phlebotomy Technician, Cosmetology.

2. ECONOMIC CONDITION AND OUTLOOK:

Employment in the Salem County Area has experienced modest growth with the expansion of the Pureland Industrial Complex. Lack of transportation for individuals seeking employment continues to be a barrier.

With the relatively high cost of homes in New Jersey, the county's inventory of undeveloped land has become more attractive for housing development, which could lead to an increase in construction employment. The county has experience a population growth of 3.59% since 2000.

3. MAJOR INITIATIVES:

The mission of the Salem County Vocational –Technical School District continues to provide students in Salem County a comprehensive educational environment for youths and adults. The oversight of both Salem County Vocational-Technical School and Salem County Special Services School Districts continues to evolve and allow for the opportunity for more shared services and opportunities educationally and programmatically. As the merger of one Board of Education continues to evolve and solidify, processes and efficient management continues to strengthen and become more efficient. The 2012-2013 school year saw a great deal of transition within the district office. The resignation of the assistant superintendent, retirement of the superintendent, and transition to an interim superintendent made building administrators, district staff, and Board of Education work collaboratively in order to maintain and effectively move forward with educational programming.

The child study team continues to provide support to both the individual students and the staff of the Career and Technical High School. The Career and Technical High School continues to serve and expand students with special needs in its Career Orientation program as well as integration into many of its CTE programs. The Career Orientation program continues to grow and offer more programming for its students. The Transitional Career Program (TCP) has expanded its partnership between the Special Services District and the Salem County Vocational- Technical School. There are currently seven classes being hosted at the CTHS after school.

The adult education center that provides post-secondary training in the areas of allied health and cosmetology has relocated to Salem Community College to allow for increased enrollment and to meet facility needs. The post secondary cosmetology program has become a CHI professional school, partnering with CHI. The ultimate goal is to create public awareness of available offerings and increase enrollment to capacity by fall of 2015. CTHS students in allied health received CNA through the adult education program. Adult Basic skills reviewed and researched what educational classes were needed in order to meet the new GED test that will be implemented in January 2014.

Continued focus on instruction and teacher effectiveness through professional development and teacher evaluation continued to be an initiative within the district. The Danielson model was chosen for teacher evaluation and professional development was given to administration as to its use. Full implementation of this model took place during the 2012-2013 school year.

A continuing trend at the CTHS is the growth that continues to occur. 2012-2013 saw the receipt of the most student applications ever received and the CTHS welcomed the largest freshman class ever with over 150 students on a waiting list. The 2012-2013 graduation rate was 98% with an 82% college placement. An ongoing initiative is to develop and implement strategies to accept more students at the CTHS and improve standardized test scores.

Physical plant initiatives for the 2012-2013 school year were minimal. The one major initiative was an upgrade in technology whereas the CTHS became wireless building- wide with the addition of multiple routers being installed throughout the building. The physical plant continued to be monitored in regards to the major Energy Savings Improvement Project that was completed in 2012. This monitoring and analyses will continue in 2013-2014.

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with the generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. This internal control process is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

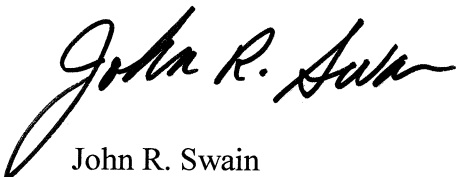
5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimates. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. The final budget amount as amended for fiscal year 2013 is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2013.

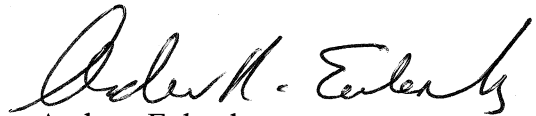
6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to Financial Statements", Note 2.
7. **CASH MANAGEMENT:** The investment procedure of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. **RISK MANAGEMENT:** The Board participated in Gloucester, Cumberland, and Salem School Districts Joint Insurance Fund and carries various forms of insurance, including, but not limited to, commercial general liability, commercial catastrophic liability and comprehensive/collision, commercial property on all property and contents, commercial inland marine, school board legal liability, worker's compensation and fidelity bonds.

9. **OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Raymond Colavita, C.P.A., R.M.A. of Nightlinger, Colavita & Volpa, P.A. was selected by the Board's audit committee. In addition to meeting the requirements set forth in the state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and supplementary schedules of expenditures of federal awards and state financial assistance is included in the financial section of this report.
10. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Special Services School District and Vocational School District of the County of Salem for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby continuing their full support to the development and maintenance of our financial operation. The presentation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

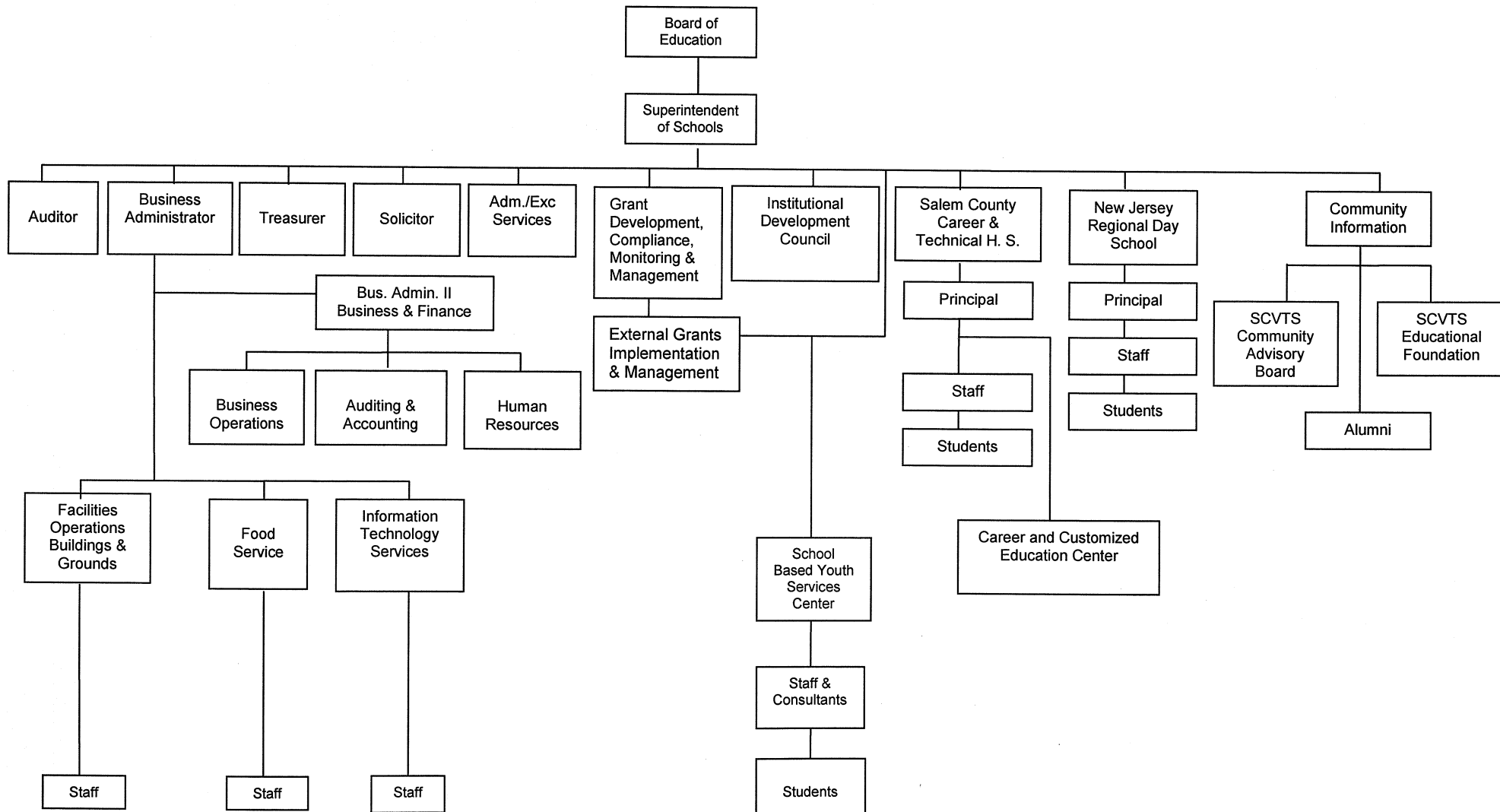


John R. Swain
Superintendent of Schools



Andrew Eubanks
Interim Business Administrator

SCVTS
Administrative and Organizational Design
Overall Organizational Structure



SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
WOODSTOWN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2013

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
David Moffett, President	2015
Mary Cummings	2015
James Davis	2014
Nicole Stemberger, ex officio	2014
Patricia Bomba	2013
Earl Ransome	2016
Richard Stepura - Executive County Superintendent of Schools	2014

OTHER OFFICIALS

Loren Thomas, Ed.D., Superintendent (To 3/31/13)

Mark Jones, Ed.D., Interim Superintendent (From 4/1/13 To 6/30/13)

John R. Swain, Superintendent (From 7/1/13)

Shay Richardson, Assistant superintendent (To 12/30/12)

Jennifer Bates, Ed.D., Assistant Superintendent (From 1/1/13)

Melanie Allen, Board Secretary/Business Administrator

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P.A.
P.O. Box 799
Williamstown, New Jersey 08094

BROKER OF RECORD

Gloucester, Cumberland, Salem School Districts
Joint Insurance Fund

MEDICAL INSPECTOR

Woodstown Family Practice
Woodstown, NJ

OFFICIAL DEPOSITORY

The Bank
1 South Main Street
Woodstown, New Jersey 08098

SOLICITOR

Mark Toscano, Esq.
Comegno Law Group, P.C.
521 Pleasant Valley Avenue
Moorestown, New Jersey 08057

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

November 25, 2013

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Salem County Vocational Technical School District
County of Salem, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Salem County Vocational Technical School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2013, which collectively comprise the Salem County Vocational Technical School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Salem County Vocational Technical Board of Education in the County of Salem, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

New Accounting Standards

As discussed in Note 2 to the financial statements, during the fiscal year ended June 30, 2013, the School District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

The Management Discussion and Analysis and Budgetary Comparison Information on pages 12 through 19 and 54 through 57 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Salem County Vocational Technical Board of Education's financial statements as a whole. The introductory section, combining fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*;

and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the schedules of federal awards and state assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

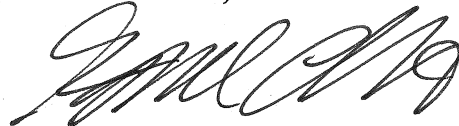
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013 on our consideration of the Salem County Vocational Technical Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* and should be considered in assessing the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The Management's Discussion and Analysis (MD&A) of Salem County Vocational Technical School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performances as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key highlights for the fiscal year ended June 30, 2013 are as follows:

- The School District had \$12,990,731 in expenses; \$6,008,752 of these expenses was offset by program specific charges for services, and operating grants and contributions.
- The total assets of the School District exceeded total liabilities by \$8,786,910 (net position).
- Among major funds, the General Fund had \$8,097,542 in revenues and \$7,862,383 in expenditures.

Overview of the Financial Statements

The financial section of this annual report consists of two parts: Part I, management's discussion and analysis (this section), the basic financial statements with the accompanying note disclosures; and Part II, budgetary comparison schedules, notes to the required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements, Exhibit A-1 and A-2, are government-wide financial statements that provide both long-term and short-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short-term and long-term financial information about those types of activities that operate like a business.

Fiduciary fund statements provide information about the financial relationships in which the School District acts as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The statements are followed by another section, Part II that contains required supplementary information that further explains and supports the information in the financial statements including: budget schedules, reconciliations and individual fund statements.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Cont'd)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities include all assets and liabilities of the School District using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental and business – type activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and special schools.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The Fund financial reports provide detailed information about the School District's major funds. The School District uses several funds to account for a variety of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Special Revenue Fund and the Capital Projects Fund; the School District has no Debt Service Fund or Permanent Fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual basis of accounting; which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Cont'd)**

The School District as a Whole

The Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's Net Position for the fiscal years ended June 30, 2013 and 2012.

**Table 1
Net position**

	<u>6/30/2013</u>	<u>6/30/2012</u>
Assets		
Current and Other Assets	\$ 2,010,912	\$ 1,373,713
Capital Assets	10,596,190	11,628,046
Total Assets	<u>\$ 12,607,102</u>	<u>\$ 13,001,759</u>
Liabilities		
Other Liabilities	\$ 935,093	\$ 554,259
Long-Term Liabilities	2,885,099	3,134,910
Total Liabilities	<u>\$ 3,820,192</u>	<u>\$ 3,689,169</u>
Net Assets		
Invested in Capital Assets Net of Related Debt	\$ 7,702,906	\$ 8,621,826
Restricted	667,247	420,919
Unrestricted	416,757	269,845
Total Net Position	<u>\$ 8,786,910</u>	<u>\$ 9,312,590</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Cont'd)**

Table 2 shows a summary of changes in net position for fiscal years ended June 30, 2013 and 2012.

**Table 2
Changes in Net
Position**

	<u>6/30/2013</u>	<u>6/30/2012</u>
Revenues		
Program Revenues		
Charges for Services	\$ 3,101,873	\$ 2,344,834
Operating Grants & Contributions	2,906,879	
General Revenues		
County of Salem Budget Appropriation	1,792,900	1,792,900
Federal and State Grants Restricted	4,638,225	4,567,036
Miscellaneous Income	25,174	163,434
Total Revenues	<u>\$ 12,465,051</u>	<u>\$ 11,706,304</u>
Expenses		
Instruction		
Regular	\$ 1,652,817	\$ 1,859,555
Vocational	2,834,358	2,754,285
School Sponsored Co curricular	28,120	24,173
Student Services		
Attendance & Social Work	73,835	68,539
Health Services	55,242	54,825
Students - Regular	1,675,738	1,053,612
Improvement of Instruction Services	148,632	164,186
Educational Media/School Library	175,315	157,649
General Administration	263,041	291,309
School Administration	255,654	248,180
Central Services	304,308	382,718
Operation and Maintenance of Plant	925,595	953,433
Student Transportation Services	15,056	14,358
Unallocated Benefits	1,871,773	1,610,748
Unallocated Depreciation	640,385	617,132
Total Governmental Activities	<u>\$ 10,919,869</u>	<u>\$ 10,254,702</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Cont'd)**

**Table 2
Changes in Net Position Continued**

	6/30/2013	6/30/2012
Food Service	\$ 226,700	\$ 184,435
Special Service Salem Campus	1,120,210	1,353,544
Summer Enrichment Program	60,888	120,662
BCCEC/ETTC	286,422	162,525
Transitional Production Workshop	145	841
Consolidated Services	313,748	271,096
The Learning Center	62,749	65,084
Total Expense Business-Type	\$ 2,070,862	\$ 2,158,187
Total Expenses	\$ 12,990,731	\$ 12,412,889
Increase (Decrease) in Net Assets	(525,680)	(706,585)
Beginning Net Position	9,312,590	10,019,174
Ending Net Position	\$ 8,786,910	\$ 9,312,589

Governmental Activities

In 2012-2013 Governmental-Type Activities revenues were \$10,292,730 or 82.57% of total revenues.

In 2011-2012 Governmental-Type Activities revenues were \$9,446,263 or 80.69% of total revenues

In 2012-2013 the County of Salem Budget Appropriation made up 17.42% of Governmental-Type Activities revenue. In 2011-2012 the County of Salem Budget Appropriation made up 18.98% of Governmental-Type Activities revenue.

In 2012-2013 Federal and State Aid unrestricted revenue made up 45.06% of Governmental-Type Activities revenue. In 2011-2012 Federal and State Aid unrestricted revenue made 48.35% of Governmental-Type Activities revenue.

Governmental-Type Activities expenditures increased by \$665,167 from 11-12 to 12-13.

On-behalf pension contributions from the state increased by \$159,302 from 11-12 to 12-13.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Cont'd)**

Business-Type Activities

In 2012-2013 Business-Type Activities revenues were \$2,172,321 or 17.43% of total revenues. In 2011-2012 Business-Type Activities revenues were \$2,259,916 or 19.3% of total revenues.

Charges for Services for Business-Type Activities were \$2,074,883 in 2012-2013 compared to \$2,183,564 in 2011-2012, which is a 4.98% decrease.

Expenses for Business-Type Activities were \$2,070,862 in 2012-2013 compared to \$2,158,187 in 2011-2012, which is a 4.05% decrease.

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,292,730 and expenditures of \$10,057,571. The net change in fund balance for the year in the General Fund, Special Revenue Fund, and Capital Projects Fund resulted in a decrease of \$235,159. This increase can be attributable mostly to decreases in capital project expenditures

General Fund Budgeting Highlights

The School District's budget is prepared in accordance with New Jersey law. The most significant budgeted fund is the General Fund.

During the course of the 2012-2013 year, the School District modified its General Fund budget line items numerous times. The net change in the total budget modification was the rollover of the prior year's encumbrances.

For the General Fund, the original revenue amount budgeted on Exhibit C-1 was \$7,325,851 and there were no additional adjustments. This excludes fund balance appropriated in the amount of 11,677. The actual revenue received was \$8,120,356.

During the 2012-2013 year, the School District budgeted \$1,792,900 and \$4,594,604 for county appropriations and state aid revenues, respectively. The School District also received \$680,790 in reimbursed TPAF Social Security Aid and TPAF Pension Contributions.

The final budget basis expenditure appropriation estimate was \$7,385,848 compared to the original estimate of \$7,337,528.

The School District's expenditures also include the reimbursed TPAF Social Security Aid and TPAF Pension Contributions of \$680,790, which contributes to an unfavorable expenditure variance for the fiscal year. Excluding the reimbursed TPAF Social Security Aid and TPAF Pension Contributions of \$680,790, there was a positive variance in expenditures of \$204,255.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Cont'd)**

Capital Assets

At the end of the fiscal year 2013, the School District had \$10,596,190 (Net of Depreciation) invested in buildings, furniture and equipment.

Table 3 shows a summary of the fiscal years ended June 30, 2013 and 2012.

Table 3

	6/30/2013	6/30/2012
Land Improvements	\$ 109,143	\$ 124,021
Construction in Progress	228,525	228,525
Buildings & Improvements	9,874,427	10,550,563
Equipment & Furniture	384,095	724,937
Total	\$ 10,596,190	\$ 11,628,046

Debt Administration

The County of Salem provides for most debt administration of the School District.

During the 09-10 school year, the district approved an Energy Savings Lease Purchase in the amount of \$3,190,699, of which the balance at June 30, 2013 is \$ 2,893,284. Principal and Interest is payable until April 15, 2025.

Current Financial Issues and Concerns

The School District has a long record of financial stability. Despite unpredictable funding from the State of New Jersey, the Salem County Vocational Technical School District provides a full range of educational services for the residents of Salem County. These services include career orientation, career and technical education, specialized arts, science and technology programs, and special education programs. A complete array of post-secondary, community and continuing education courses and programs are offered.

The School District continues to be successful in generating revenues through services and/or enterprises that are offered by the School District. Some of these revenues were generated through numerous enterprise activities that included the operation of a Business, a Corporate, and Customized Education Center. However, it has often been very difficult to operate within the parameter (box) that has been created under the CEIFA funding formula as amended for school districts. The most restrictive aspect of this formula is the limitation of unreserved fund balance of surplus to a maximum of 6%. Because of the nature of the School District's budget; services, programs, and the business-like manner in which the School District is operated, the unreserved balance is key to fiscal flexibility and to the School District's ability to provide funds for student services and programs prior to conventional revenue sources being available. This also has an impact on the School District's ability to apply for and receive grants. Budget issues and budget constraints will continue to be a concern, especially as enrollments fluctuate.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Cont'd)**

Current Financial Issues and Concerns Cont'd

The School District's budget has moderately increased over the past five years. The 2009-10 budget reflected a spending plan of \$7,261,433; the 2013-14 budget contemplates spending \$8,058,297, an increase of 10.97% over five years. The increases are the result of salary increases, addition to staff resulting from increasing enrollments, and significant cost increases for health benefits and property insurance.

Enrollments have been increasing steadily at the School District. In October of 2009, the CTHS population included 173 special education students and 608 regular education students. In October of 2012, the CTHS population included 190 special education students and 694 regular education students.

The Salem County Vocational Technical School District expects continued enrollment growth and is committed to providing an excellent career and technical education opportunities to every student in Salem County who chooses to attend the School District. The School District is committed to providing excellent facilities and equipment. The Board believes that the schools have an excellent teaching staff and support personnel and that Salem County Vocational Technical School District is in a position to be a leading provider of a career and technical education in the 21st Century. Finally, the board is committed to financial excellence and stability.

Contacting the School District's Financial Management

These financial reports are designed to provide our citizens, taxpayers and creditors with a general overview of the School District's finances and to show the accountability for money received from the state and local government. If you have questions about this report or need additional information, contact John R. Swain, Superintendent of Schools at Salem County Vocational Technical Schools, 880 Route 45, Box 350, Woodstown, New Jersey 08098.

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 469,546	\$ -	\$ 469,546
Receivables, net	778,037	754,851	1,532,888
Inventories		8,478	8,478
Capital Assets, net (Note 6):	9,778,095	818,095	10,596,190
Total Assets	11,025,678	1,581,424	12,607,102
LIABILITIES:			
Accounts Payable	514,735	263	514,998
Cash Overdraft		174,207	174,207
Unearned Revenue	69,038	20,214	89,252
Accrued Interest	28,571		28,571
Noncurrent Liabilities (Note 7):			
Due within One Year	128,065		128,065
Due beyond One Year	2,870,285	14,814	2,885,099
Total Liabilities	3,610,694	209,498	3,820,192
NET POSITION			
Invested in Capital Assets, Net of Related Debt	6,884,811	818,095	7,702,906
Restricted for:			
Capital Projects	363,785		363,785
Other Purposes	285,576	17,886	303,462
Unrestricted (Deficit)	(119,188)	535,945	416,757
Total Net Position	\$ 7,414,984	\$ 1,371,926	\$ 8,786,910

The accompanying Notes to Financial Statements are an integral part of this statement.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2013

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities
					Total
Governmental Activities:					
Instruction:					
Regular Instruction	\$ 1,652,817		\$ 737,091	\$ (915,726)	\$ (915,726)
Regular Vocational	2,834,358	\$ 1,026,990		(1,807,368)	(1,807,368)
School Sponsored Co/Extracurricular Activities	28,120			(28,120)	(28,120)
Undistributed Expenditures and Support Services:					
Attendance & Social Work	73,835			(73,835)	(73,835)
Health Services	55,242			(55,242)	(55,242)
Students - Regular	1,675,738		1,391,662	(284,076)	(284,076)
Improvement of Instruction Services	148,632			(148,632)	(148,632)
Educational Media/School Library	175,315			(175,315)	(175,315)
General Administration	263,041			(263,041)	(263,041)
School Administration	255,654			(255,654)	(255,654)
Central Services	304,308			(304,308)	(304,308)
Operation and Maintenance of Plant Services	925,595			(925,595)	(925,595)
Student Transportation Services	15,056			(15,056)	(15,056)
Unallocated Benefits	1,871,773		680,790	(1,190,983)	(1,190,983)
Unallocated Depreciation	640,385			(640,385.00)	(640,385.00)
Total Governmental Activities	10,919,869	1,026,990	2,809,543	(7,083,336)	(7,083,336)
Business-Type Activities:					
Food Service	226,700	113,354	97,336		(16,010)
Regional Day School	1,120,210	1,145,218		25,008	25,008
Summer Enrichment Program	60,888	117,000		56,112	56,112
BCCEC/ETTC	286,422	377,948		91,526	91,526
Transitional Production Workshop	145	390		245	245
Consolidated Services	313,748	284,111		(29,637)	(29,637)
The Learning Center	62,749	36,862		(25,887)	(25,887)
Total Business-Type Activities	2,070,862	2,074,883	97,336	101,357	101,357
Total Primary Government	\$ 12,990,731	\$ 3,101,873	\$ 2,906,879	(7,083,336)	101,357
					(6,981,979)
General Revenues:					
County of Salem Budget Appropriation				1,792,900	1,792,900
Federal and State Aid Restricted				4,638,225	4,638,225
Miscellaneous Income				25,072	25,174
Total General Revenues				6,456,197	6,456,299
Change in Net Assets				(627,139)	101,459
Net Position -- July 1				8,042,123	1,270,467
Net Position -- June 30				\$ 7,414,984	\$ 1,371,926
					\$ 8,786,910

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 116,969	\$ -	\$ 351,785	\$ 468,754
Accounts Receivable:				
State Government	11,449			11,449
Federal Government		526,654		526,654
Other	239,934			239,934
Interfund Accounts Receivable	122,299			122,299
Total Assets	\$ 490,651	\$ 526,654	\$ 351,785	\$ 1,369,090
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 178,626	\$ 336,109	\$ -	\$ 514,735
Interfund Payable		121,507		121,507
Unearned Revenue		69,038		69,038
Total Liabilities	178,626	526,654		705,280
Fund Balances:				
Restricted for:				
Capital Reserve Account	12,000			12,000
Excess Surplus	257,428			257,428
Excess Surplus - Designated For Subsequent Year's Expenditures	28,148			28,148
Committed to:				
Year-End Encumbrances	42,920		123,261	166,181
Unassigned, Reported In:				
General Fund	(28,471)			(28,471)
Capital Projects Fund			228,524	228,524
Total Fund Balances	312,025		351,785	663,810
Total Liabilities and Fund Balances	\$ 490,651	\$ 526,654	\$ 351,785	

Amounts reported for *governmental activities* in the statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$18,801,441 and the accumulated depreciation is \$9,023,346

9,778,095

Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(3,026,921)

Net Assets of governmental activities

\$ 7,414,984

The accompanying Notes to Financial Statements are an integral part of this statement.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
County of Salem Budget Appropriation	\$ 1,792,900	\$	\$	\$ 1,792,900
Tuition Charges	1,026,990			1,026,990
Unrestricted Miscellaneous Revenue	25,072			25,072
State Sources	5,252,580	365,884		5,618,464
Federal Sources		1,829,304		1,829,304
Total Revenues	<u>8,097,542</u>	<u>2,195,188</u>		<u>10,292,730</u>
EXPENDITURES:				
Current:				
Regular Instruction	808,399	737,091		1,545,490
Regular Vocational	2,619,703			2,619,703
School Sponsored Co/Extracurricular Activities	28,120			28,120
Undistributed Expenditures and Support Services:				
Attendance & Social Work	73,835			73,835
Health Services	55,242			55,242
Students - Regular	284,076	1,391,662		1,675,738
Improvement of Instruction Services	148,632			148,632
Educational Media/School Library	175,315			175,315
General Administration	215,975			215,975
School Administration	255,654			255,654
Central Services	303,383			303,383
Operation and Maintenance of Plant Services	846,215			846,215
Student Transportation Services	15,056			15,056
Unallocated Benefits	1,188,295			1,188,295
On Behalf Contributions	680,790			680,790
Capital Outlay	163,693	66,435		230,128
Total Expenditures	<u>7,862,383</u>	<u>2,195,188</u>		<u>10,057,571</u>
Excess (Deficiency) of Revenues over Expenditures	<u>235,159</u>	<u>-</u>		<u>235,159</u>
OTHER FINANCING SOURCES (USES):				
Total Other Financing Sources and Uses				
Net Change in Fund Balances	235,159			235,159
Fund Balance (Deficit) -- July 1	<u>76,866</u>		351,785	<u>428,651</u>
Fund Balance (Deficit) -- June 30	<u>\$ 312,025</u>	<u>\$ -</u>	<u>\$ 351,785</u>	<u>\$ 663,810</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2013

Total Net Change in Fund Balances - Governmental Funds		\$ 235,159
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	\$ (1,089,928)	
Capital Outlays	<u>230,128</u>	
		(859,800)
In the Statement of Activities, interest expense on debt service is accrued, while only payments are charged as expenditures in the budget basis financial statements		190
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(2,688)
Change in Net Assets of Governmental Activities		<u>\$ (627,139)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business Type Activities- Enterprise Funds								
	Food Service	Special Services Salem Campus	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	Consolidated Services	School Based Youth Services	Total
ASSETS:									
Current Assets:									
Cash and Cash Equivalents	\$ 37,555	\$ (483,326)	\$ (3,130)	\$ 78,271	\$ 169,265	\$ 10,847	\$ -	\$ 17,103	\$ (173,415)
Accounts Receivable:									
State	262								262
Federal	5,415								5,415
Other	419	609,575	3,130		136,050				749,174
Inventories	8,478								8,478
Total Current Assets	52,129	126,249	-	78,271	305,315	10,847		17,103	589,914
Noncurrent Assets:									
Site Improvements		77,600							77,600
Building		2,123,900							2,123,900
Equipment		179,585							179,585
Accumulated Depreciation		(1,562,990)							(1,562,990)
Total Noncurrent Assets		818,095							818,095
Total Assets	52,129	944,344	-	78,271	305,315	10,847		17,103	1,408,009
LIABILITIES:									
Current Liabilities:									
Accounts Payable		263							263
Due to Current Fund	792								792
Unearned Revenue	1,107				19,107				20,214
Compensated Absences Payable		14,814							14,814
Total Current Liabilities	1,899	15,077			19,107				36,083
Net Position:									
Invested in Capital Assets									
Net of Related Debt		818,095							818,095
Restricted - Encumbrances	20	17,866							17,886
Unrestricted	50,210	93,306	-	78,271	286,208	10,847		17,103	535,945
Total Net Position	\$ 50,230	\$ 929,267	\$ -	\$ 78,271	\$ 286,208	\$ 10,847	\$ -	\$ 17,103	\$ 1,371,926

The accompanying Notes to the Financial Statements are an integral part of this statement.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Propriety Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2013

	Business Type Activities- Enterprise Funds								
	Food Service	Special Services Salem Campus	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	Consolidated Services	School Based Youth Services	Total
OPERATING REVENUES:									
Charges for Services:									
Daily Sales - Reimbursable Programs	\$ 62,564								\$ 62,564
Daily Sales - Non-Reimbursable Programs	50,790								50,790
Tuition		\$ 545,218	\$ 36,862	\$ 84,000					666,080
Other Revenue		600,000		33,000	\$ 377,948	\$ 390	\$ 284,111		1,295,449
Total Operating Revenues	113,354	1,145,218	36,862	117,000	377,948	390	284,111		2,074,883
OPERATING EXPENSES:									
Salaries	111,327	604,718	52,112	44,800	195,211				1,008,168
Employee Benefits		196,989	10,296		61,235				268,520
Cost of Sales	114,609								114,609
Purchased Educational Services		146,728		13,510	4,259				164,497
Other Purchased Professional Services		205					313,748		313,953
Purchased Technical Services		21,474							21,474
Contracted Services				2,308					2,308
Cleaning, Repair & Maintenance		4,299							4,299
Insurance		5,678							5,678
Communications		2,186							2,186
Travel		912			1,383				2,295
Other Purchased Services	764				5,230				5,994
General Supplies		10,337	341	250	7,945	145			19,018
Utilities		65,458							65,458
Textbooks					10,286				10,286
Miscellaneous		3,031		20	873				3,924
Depreciation		58,195							58,195
Total Operating Expenses	226,700	1,120,210	62,749	60,888	286,422	145	313,748		2,070,862
Operating Income / (Loss)	(113,346)	25,008	(25,887)	56,112	91,526	245	(29,637)		4,021
NONOPERATING REVENUES (EXPENSES):									
State Sources:									
State School Lunch Program	2,201								2,201
Federal Sources:									
Food Distribution Program	15,016								15,016
National School Lunch Program	69,594								69,594
National School Breakfast Program	10,525								10,525
Interest and Investment Revenue	102								102
Total Non-operating Revenues (Expenses)	97,438								97,438
OTHER FINANCING USES:									
Change in Net Position	(15,908)	25,008	(25,887)	56,112	91,526	245	(29,637)		101,459
Transfer		(21,889)	21,889						
Net Position -- July 1	66,138	926,148	3,998	22,159	194,682	10,602	29,637	17,103	1,270,467
Net Position -- June 30	\$ 50,230	\$ 929,267	\$ -	\$ 78,271	\$ 286,208	\$ 10,847	\$ -	\$ 17,103	\$ 1,371,926

The accompanying Notes to the Financial Statements are an integral part of this statement.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Proprietary Funds
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2013

	Business Type Activities- Enterprise Funds								
	Food Service	Special Services Salem Campus	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	Consolidated Services	School Based Youth Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:									
Receipts from Customers	\$ 113,354	\$ 729,521	\$ 36,862	\$ 117,000	\$ 377,948	\$ 390	\$ 284,111	\$ -	\$ 1,659,186
Payments to Employees	(111,327)	(616,216)	(52,112)	(44,800)	(195,211)				(1,019,666)
Payments for Employee Benefits		(196,989)	(10,296)		(61,235)				(268,520)
Payments to Suppliers	(116,448)	(293,511)	19,913	(16,088)	(133,506)	(145)	(313,748)		(853,533)
Net Cash Provided by (used for) Operating Activities	(114,421)	(377,195)	(5,633)	56,112	(12,004)	245	(29,637)		(482,533)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:									
State Sources	2,201								2,201
Federal Sources	95,135								95,135
Net Cash Provided by (used for) Non-Capital Financing Activities	97,336								97,336
CASH FLOWS FROM INVESTING ACTIVITIES:									
Interest and Dividends	102								102
Net Cash Provided by (used for) Investing Activities	102								102
Net Increase (Decrease) in Cash and Cash Equivalents	(16,983)	(377,195)	(5,633)	56,112	(12,004)	245	(29,637)		(385,095)
Cash and Cash Equivalents -- July 1	54,538	(106,131)	2,503	22,159	181,269	10,602	29,637	17,103	211,680
Cash and Equivalents -- June 30	\$ 37,555	\$ (483,326)	\$ (3,130)	\$ 78,271	\$ 169,265	\$ 10,847	\$ -	\$ 17,103	\$ (173,415)
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:									
Operating Income (Loss)	(113,346)	25,008	(25,887)	56,112	91,526	245	(29,637)		4,021
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:									
Depreciation Expense		58,195							58,195
Transfer		(21,889)	21,889						
Changes in Assets and Liabilities:									
Accounts Receivable (Increase)/Decrease	(2,968.00)	(415,697.00)	(1,635.00)		(103,645.00)				(523,945.00)
Inventory (Increase)/Decrease	1,067.00								1,067.00
Accounts Payable Increase/(Decrease)		(11,314.00)			(276.00)				(11,590.00)
Deferred Revenue Increase/(Decrease)	34.00				391.00				425.00
Compensated Absences Payable Increase/(Decrease)		(11,498.00)							(11,498.00)
Due to General Fund Increase/(Decrease)	792.00								792.00
Net Cash Provided by (used for) Operating Activities	\$ (114,421)	\$ (377,195)	\$ (5,633)	\$ 56,112	\$ (12,004)	\$ 245	\$ (29,637)	\$ -	\$ (482,533)

The accompanying Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2013

	Agency Funds	
	Student Activity	Payroll
ASSETS:		
Cash and Cash Equivalents	\$ 19,210	\$ 1,366
Total Assets	<u>\$ 19,210</u>	<u>\$ 1,366</u>
LIABILITIES:		
Payable to Student Groups	\$ 19,210	
Payroll Deductions and Withholdings		\$ 1,366
Total Liabilities	<u>\$ 19,210</u>	<u>\$ 1,366</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Salem County Vocational Technical School District (hereafter referred to as the "School District") is a Type I district located in the County of Salem, State of New Jersey. The Board is comprised of eight members; seven of them are appointed to four-year terms by the Salem County Board of Chosen Freeholders and one is a statutory appointment. The terms are staggered so that at least one member's term expires each year. The purpose of the School District is to provide a full range of educational services for the residents of Salem County. The School District had an approximate enrollment at June 30, 2013 of 859 students.

The Agency is considered to be a "Component Unit" of the County Of Salem under GAAP. This determination is based on the oversight responsibility of the County, which manifests itself primarily in the selection of District Board members, the accountability on fiscal matters, the approval for debt authorizations and the determination of county tax provided by the county.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities require to be include in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units – GASB Statement No. 14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The School District is a component unit of the County of Salem. These financial statements would be either blended or discreetly presented as part of the County's financial statements if the County reported using generally accepted accounting principles applicable to governmental entities. The following organization is considered a component unit of the School District; however, the School District has determined that it is not significant and, therefore, has not been included in the basic financial statements:

Salem County Vocational Technical School Foundation
880 Route 45
Woodstown, New Jersey 08098

Requests for financial information should be addressed to the organization listed above.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards:

During fiscal year 2013, the district adopted the following GASB statements:

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards (Cont'd):

- GASB 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect in a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 66, *Technical Corrections-2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No.50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions hat is provided by other state entities. This Statement replaces the requirements of Statement No.27, *Accounting for Pension Disclosures, and Local Governmental Employers*, as well as the requirements of Statement No.50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards (Cont'd):

- GASB 69, *Government Combinations and Disposals of Government Operations*, is effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.
- GASB 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, is effective for periods beginning after June 15, 2013. This Statement's objective is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate for the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

A. Basis of Presentation:

The financial statements of the Board of Education (Board) of Salem County Vocational Technical School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities, and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the Board's accounting policies are described in this Note.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*. The implementation of these statements had no effect on equity balances as previously reported.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation (Cont'd):

The School District's basic financial statements consist of government-wide statements, including a statement of Net Position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

District-wide Statements: The statement of Net Position and the statement of activities display information about the School District as a whole. These statements include financial activities of the primary government, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between those activities of the School District that are *governmental* and those that are considered *business-type activities*. Governmental activities generally are financed through county taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The statement of Net Position presents the financial condition of the governmental and business-type activities of the School District at the fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activity of the School District.

- Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expense to functions in the statement of activities.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and (c) contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is used to support a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds, *governmental*, *proprietary*, and *fiduciary*. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting.

B. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources, rather than upon net income. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Governmental Funds (Cont'd):

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

In addition to the capital outlay sub-fund, the School District is accountable for additional sub-funds resulting from federal legislation signed into law. This federal law requires the tracking and separate reporting of American Recovery and Reinvestment Act (ARRA) funds, if any. ARRA State Fiscal Stabilization Funds were provided to districts to be used for general fund expenses. In addition, the Education Jobs Fund Program will require an additional sub-fund to be used for expenses in accordance with the education jobs compliance supplement within the federal OMB 133.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, other than major capital projects, debt service, enterprise funds and local appropriations, legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Permanent Fund - The permanent fund is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the School District's programs, that is, for the benefit of the School District or its students. The School District does not have a permanent fund.

C. Proprietary Fund Type:

Proprietary Funds are used to account for the School District's ongoing activities, which are similar to those found in the private sector.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Proprietary Fund Type (Cont'd):

Enterprise Funds - The Enterprise Funds are utilized to account for operations: (1) financed and operated in a manner similar to private businesses, where the intent of the School District is that the costs (expenses including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, (2) where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The School District's enterprise funds are:

Food Service Fund – This fund accounts for the financial transactions related to the food service operations of the School District.

Salem Campus Special Service Fund – This fund accounts for the financial activity under a contract with the N. J. Dept. of Education, designed to serve up to 100 multiple and or low incident disabled students from the Cumberland, Gloucester and Salem Counties, previously named Regional Day School Fund.

The Learning Center – This fund accounts for the financial transactions related to the learning center operations provided by the school on a tuition basis.

Summer Enrichment Program Fund – This fund accounts for financial activity related to providing a six week summer program at the districts Regional Day School.

Transitional Productions Workshop Fund – This fund accounts for the financial activity related to the printing of brochures, newsletters and invitations. These services are provided to schools, businesses, and civic organizations. The workshop is offered through the Regional Day School to prepare students for entry careers in the duplicating and printing industries.

Business and Corporate and Customized Education Center Fund / Educational Technology Training Center (BCCEC/ETTC) – This fund accounts for the financial activity related to the professional development and technology training to school districts and employers in the greater Cumberland, Gloucester and Salem County communities.

Consolidated Services Fund – This fund accounts for the financial activity related to the Consolidated Services Counsel of Salem County, which provides collected coordinated services to county school districts. The fund bills and collects revenue from each of the member districts and disburses them in accordance with the Counsel's agreed to appropriation and budget.

School Based Youth Services Center Fund – This fund accounts for the financial activity related to services provided to at-risk in and out of school youth through programs at a teen center. Fees are provided by local K-12 school districts to support the program.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Proprietary Fund Type (Cont'd):

Enterprise Funds (Cont'd) - Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Fiduciary Funds – Fiduciary fund reporting focuses on Net Position and changes in Net Position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are used to account for assets held but the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has two fiduciary funds, which bare a student activity fund, and a payroll fund. A description of permitted fiduciary funds is a follows:

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The district does not currently maintain an Expendable Trust Fund.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a Nonexpendable Trust Fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

D. Measurement Focus:

District-wide Financial Statements – The district-wide financial statements are prepared using the economic resources measurement focus. All assets and all liability associated with the operation of the School District are included on the statement of Net Position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. All assets and all liabilities associated with the operation of these funds are included on the statement of Net Position. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Financial Statements (Cont'd) – Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of Net Position. The statement of changes in fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

E. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Basis of Accounting (Cont'd):

Revenues – Exchange and Non-Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measureable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities for the current fiscal year. For the School District, available means expected to be received within thirty days of the fiscal year-end.

Non- exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (property) taxes are susceptible to accrual, as under New Jersey State Statute. A municipality is required to remit to its susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its School Districts the entire balance of taxes in the amount voted upon or certified prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The school District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements which specify the fiscal year when the resources are required to be used or the year resources to be used for a specified purpose, and expenditure requirements, in which the resources are provide to the School District on a reimbursement basis. Restricted formula aids, which include *Demonstrably Effective Program Aid*, and *Instructional Supplement Program Aid* are recorded in the special revenue fund in accordance with *The Audit Program* promulgated by the New Jersey Department of Education which requires that these grants be realized in an amount equal to program expenditure. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: tuition, grants, fees, and rentals.

Expenses / Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in government funds.

F. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-2.13.3.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1 and Exhibit C-2, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis, with the exception of the revenue recognition policy for the one or more June state aid payments.

G. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the School District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

H. Cash, Cash Equivalents and Investments:

Cash and cash equivalents, for all funds, include petty cash change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in public depositories unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

I. Tuition Receivable:

Tuition charges were established by the Board of Education based on contracts with the sending districts.

J. Tuition Payable:

There were no tuition charges or adjustments for the fiscal year under audit.

K. Inventories:

Inventories, which benefit future periods other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase rather than when consumed. Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

L. Prepaid Expenses:

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types, represent payments made to vendors for services that will benefit periods beyond June 30th.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created and no expenditure allocation to future accounting periods is required. This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

M. Short -Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. These amounts are eliminated in the governmental business-type columns of the statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and/or interfunds payable.

N. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of Net Position and the proprietary fund of the Net Position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received the School District maintains a capitalization threshold of \$2,000.00. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business - Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	10-50 Years
Furniture and Equipment	5-20 Years	12 Years
Vehicles	5-10 Years	4-6 Years

O. Deferred Expenditures:

Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure / expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring costs of operations.

P. Accrued Salaries and Wages:

Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in separate bank accounts.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Q. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability. The entire amount of compensated absences is reported on the government-wide financial statements.

R. Unearned Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied and generally in the special revenue fund.

S. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

T. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

U. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. All payables, accrued liabilities and long term obligations payable from the proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities, once incurred, are paid in a timely manner and in full from current financial resources as obligations of funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

V. Net Position:

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

V. Net Position (Cont'd):

Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

W. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves are established for encumbrances, legally restricted appropriations, tuition, excess surplus, capital reserve accounts, emergency reserves and debt service reserves. Effective in the 2011-12 fiscal year, June 30, 2012 fund balances are to be categorized as Restricted, Committed, Assigned or Unassigned, in accordance with GASB 54.

X. Management Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Y. Operating and Non- Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service program, tuition for the Regional Day School and Summer Enrichment Programs, fees for training and educational programs for the BCCEC/ETTC Program and the School Based Youth Services Program, and fees collected from other Districts regarding coordinated services for the Consolidated Services Fund. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts.

Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. Non-operating expenses principally include expenses attributable to the School District's proprietary funds.

Z. Interfund Activity:

Transfers between governmental and business-type activities on the governmental-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues/ expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures, expenses to the funds that initially paid for them are not presented on the financial statements.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

AA. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

AB. Bond and Lease Acquisition Costs:

As part of any long-term bond or lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no unamortized costs as of June 30, 2013.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

Custodial Credit Risk Related to Deposits:

Custodial Credit Risk for deposits is the risk that, in the event of a bank failure, the district's deposits may not be recovered. Although the district does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et. seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act.

The Board of Education designates and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

As of June 30, 2013, \$1,388,138 of the district's bank balance of \$1,638,138 was uninsured and exposed to custodial credit risk and collateralized under GUDPA.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board of Education of the Salem County Vocational and Technical School District by inclusion of \$456,605.00 in the 1996-97 capital budget for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4. CAPITAL RESERVE ACCOUNT (CONT'D)

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the excess approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal years is as follows:

Beginning Balance July 1, 2012	\$ 6,000
Increased by – Interest Earnings	<u>6,000</u>
Ending Balance June 30, 2013	<u>\$12,000</u>

The LRFP balance of local support costs of uncompleted projects at June 30, 2013 is \$1,594,328.00.

NOTE 5. ACCOUNTS RECEIVABLES

Accounts Receivables at June 30, 2013 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

Accounts Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 11,449	\$ 526,654	\$ 605,677	\$ 1,143,780
Other	239,934		149,174	389,108
Total	<u>\$ 251,383</u>	<u>\$ 538,103</u>	<u>\$ 754,851</u>	<u>\$ 1,532,888</u>

NOTE 6. INVENTORY

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food	\$ 3,883
Supplies	<u>4,595</u>
	<u>\$ 8,478</u>

The value of Federal donated commodities, where reflected on Schedule A-2 (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase has been included as an item of non-operating revenue in the financial statements. The district received \$15,016 in federal commodities during the 2012-2013 school year, which was consumed during operations.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 391,928	\$ -	\$ -	\$ 391,928
Building and Improvements	14,820,732			14,820,732
Construction in Progress	228,525			228,525
Equipment	3,243,989	116,267		3,360,256
	<u>18,685,174</u>	<u>116,267</u>		<u>18,801,441</u>
Less accumulated depreciation for :				
Land Improvements	(267,907)	(14,878)		(282,785)
Building and improvements	(5,146,459)	(623,039)		(5,769,498)
Equipment	(2,519,052)	(452,011)		(2,971,063)
	<u>(7,933,418)</u>	<u>(1,089,928)</u>		<u>(9,023,346)</u>
Government activities capital assets, net	<u><u>\$ 10,751,756</u></u>	<u><u>\$ (973,661)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,778,095</u></u>
				To A-1
Business-Type Activities -				
Building	\$ 2,123,900	\$ -	\$ -	\$ 2,123,900
Site Improvements	77,600			77,600
Equipment	179,585			179,585
Less Accumulated Depreciation	(1,504,795)	(58,195)		(1,562,990)
Business-Type Activities				
Capital Assets - Net	<u><u>\$ 876,290</u></u>	<u><u>\$ (58,195)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 818,095</u></u>

*Depreciation expense was charged to governmental functions as follows:

Instruction- Regular	\$ 107,327
Instruction- Vocational	214,655
Plant Operations and Maintenance	80,495
General Administration	47,066
Unallocated	640,385
Total Depreciation Expense	<u><u>\$ 1,089,928</u></u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2013, the following changes occurred in long-term obligations:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Capital Lease Payable	\$ 3,006,220	\$ -	\$ (112,936)	\$ 2,893,284	\$ 128,065	\$ 2,765,219
Compensated Absences	102,378	2,688		105,066		105,066
Governmental Activity Long Term Liabilities	\$ 3,108,598	\$ 2,688	\$ (112,936)	\$ 2,998,350	\$ 128,065	\$ 2,870,285
Business-Type Activities:						
Compensated absences payable	\$ 26,312		\$ (11,498)	\$ 14,814		\$ 14,814

A. Bonds Payable - Bonds and Loans are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

The District is organized as a Type 1 School District under New Jersey Statutes; therefore long-term debt is accounted for and financed by the County of Salem. The following is presented for "Memorandum Only" purposes.

Year Ending June 30	Principal	Interest	Total
2014	\$ 115,000.00	\$ 35,062.50	\$ 150,062.50
2015	110,000.00	30,750.00	140,750.00
2016	115,000.00	25,250.00	140,250.00
2017	125,000.00	19,500.00	144,500.00
2018	130,000.00	13,250.00	143,250.00
2019	135,000.00	6,750.00	141,750.00
	<u>\$ 730,000.00</u>	<u>\$ 130,562.50</u>	<u>\$ 860,562.50</u>

Bonds Authorized But Not Issued – As of June 30, 2013, the School District had no authorizations to issue additional bonded debt.

Compensated Absences – Compensated absences will be paid from the fund from which the employees' salaries are paid.

B. Capital Leases Payable – The School District is financing Energy Saving upgrades with a 15 year capital lease totaling \$3,190,699. The following is a schedule of the future minimum lease payments at June 30, 2013.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8. GENERAL LONG-TERM DEBT (CONT'D)

Year Ending June 30,	Principal	Interest	Total
2014	\$ 128,065.00	\$ 137,141.66	\$ 265,206.66
2015	144,267.00	131,071.38	275,338.38
2016	161,609.00	124,233.12	285,842.12
2017	180,155.00	116,572.86	296,727.86
2018	199,979.00	108,033.52	308,012.52
2019	221,156.00	98,554.50	319,710.50
2020	243,767.00	88,071.72	331,838.72
2021	267,894.00	76,517.16	344,411.16
2022	293,626.00	63,818.98	357,444.98
2023	321,058.00	49,901.10	370,959.10
2024	350,288.00	34,682.96	384,970.96
2025	381,420.00	18,079.30	399,499.30
	\$ <u>2,893,284.00</u>	\$ <u>1,046,678.26</u>	\$ <u>3,939,962.26</u>

NOTE 9. OPERATING LEASES

The District has commitments to lease several copiers under operating leases that expire in 2013, 2014 and 2015. In addition, space will be leased in the Henry Young Building through June 30, 2013. There were no new operating lease obligations initiated in the year ended June 30, 2013. Future minimum lease payments are as follows:

Year ending June 30,	<u>Amount</u>
2014	\$ 18,291
2015	<u>9,050</u>
Total future minimum lease payments	\$ <u>78,097</u>

NOTE 10. PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' retirement System, which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10. PENSION PLANS (CONT'D)

Significant Legislation – P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund is a cost sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members is determined by State Statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF are required to contribute 5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in members rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution has been required over several preceding fiscal years.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-multiple-employer defined benefit pension plan, which was established as of January 1, 1955. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10. PENSION PLANS (CONT'D)

Public Employees' Retirement System (PERS) - The contribution requirements of plan members is determined by State Statute. In accordance with Chapter 62, PL 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in members rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. The School District is billed annually for its normal contribution plus any accrued liability.

Vesting and Benefit Provisions - Vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and generally determined to be 1/60 of the final average salary for each year of defined service credit. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of defined qualified service or under disability provisions of the System. Members are always fully vested for their own contributions and after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

During the fiscal year ended June 30, 2013, the State of New Jersey contributed \$205,791 to the TPAF for Pension Contribution and \$232,698 for post-retirement benefits and nothing for normal contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$242,301 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>School District</u>
2013	\$ 40,747	\$ 97,427	\$ 138,174	\$ 138,174
2012	51,667	103,334	155,001	155,001
2011	55,878	89,038	144,916	114,803
2010	58,107	56,696	114,803	91,489

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, PL 2007 and Chapter 103, PL 2007 (NJSA 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, PL 2008 and Chapter 1, PL 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit. Vesting provisions are established by NJSA 43:15C-1 et. seq. The contribution requirements of plan members are determined by State Statute. In accordance with Chapter 92, PL 2007 and Chapter 103, PL 2007, plan members were required to contribute 5.5% of their annual covered salary.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10. PENSION PLANS (CONT'D)

The State Treasurer has the right under the current law to make temporary reductions in members rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District had no participants in this program as of June 30, 2013.

NOTE 11. POST-EMPLOYMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,618 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P. L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

NOTE 12. COMPENSATED ABSENCES

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

In the district wide-Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2013, a liability existed for compensated absences in the General Fund of \$105,066 and \$14,814 in the Regional Day Care Fund.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13. DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators were Prudential, Securities, Equitable, Lincoln Investments and Travelers.

NOTE 14. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Joint Insurance Pool – The School District is a member of the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund.

The Fund provides the School District with the following coverage:

Property (Including Crime and Auto Physical Damage)
 General Liability
 Automobile Liability
 Workers' Compensation
 Educator's Legal Liability
 Boiler and Machinery
 Pollution Legal Liability

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year. The Fund publishes its own financial report for the year ended June 30, 2012, which can be obtained from the following address:

GCSSDJIF
 P.O. Box 449
 Marlton, New Jersey 08053

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

There were no Interfund balances as of June 30, 2013:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 122,299	
Special Revenue Fund		121,507
Enterprise Fund		792
Total	\$ <u>122,299</u>	\$ <u>122,299</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 16. DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$0 in the General Fund as of June 30, 2013 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The Statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one records the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements is less than the June state aid payments.

NOTE 17. DEFICIT IN UNRESTRICTED NET POSITION

The governmental funds had a deficit in unrestricted Net Position of \$28,471 as of June 30, 2013. The deficit is attributable to the allocation of compensated absences balances payable to unrestricted Net Position as well as result from a delay in the June payments of state aid until the following fiscal year.

NOTE 18. FUND BALANCE APPROPRIATED

General Fund - Of the \$312,025 General Fund balance at June 30, 2013, \$42,920 is reserved for encumbrances; 285,576 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7, of which \$28,148 has been appropriated and included as anticipated revenue for the year ending June 30, 2013; \$12,000 has been reserved in the Capital Reserve Account; and (\$28,471) is unreserved and undesignated.

Legally Restricted

Restrictions of fund balances of governmental funds are established to either (1) satisfy the legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance are summarized below:

Legally Restricted for Capital Reserve Account – As of June 30, 2013, the balance in the capital reserve account is \$12,000. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

Committed For Encumbrances – The reserve for encumbrances was created to represent encumbrances outstanding at the end of the fiscal year based on purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year. As of June 30, 2013, \$42,920 has been reserved for this purpose.

Unassigned - General Fund – The budgetary basis unassigned general fund balance at June 30, 2013 is \$430,896.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 19. CALCULATION OF EXCESS SURPLUS

The designation of reserved fund balance – excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance on a budgetary basis at June 30, 2013 is \$285,576, of which \$257,428 and will be appropriated and anticipated as revenue in the 2014-15 budget.

NOTE 20. LITIGATION

The solicitor revealed that there is no ongoing litigation that could have an adverse impact regarding the School District's financial condition.

**NOTE 21. MERGE OF THE SALEM COUNTY SPECIAL SERVICES BOARD OF
EDUCATION AND THE SALEM COUNTY VO-TECH BOARD OF EDUCATION**

Effective, July 1, 2009, the Salem County Board of Chosen Freeholders adopted a resolution to disband the Salem County Special Services Board of Education and the Salem County Vo-Tech Board of Education, instituting a new Board named "The Board of Education for the Vocational School District and the Special Services School District for the County of Salem".

NOTE 22. SALEM CAMPUS SPECIAL SERVICES

During the year various services, previously maintained in Salem Campus Special Service Fund of the Salem County Vocational Technical School District, were transferred to the Salem County Special Services School District and it was necessary to reflect an intergovernmental charge, in order to reasonably match revenue against expenses in both school districts. In the 2013-14 school-year, the remaining activity, as well as the residual assets, will be transferred from the Salem County Vocational Technical School District Salem Campus Special Service Fund to a separate fund in the Salem County Special Services School District.

End of Notes to Financial Statements

BUDGETARY COMPARISON SCHEDULES

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
County of Salem Budget Appropriation	\$ 1,792,900	\$ -	\$ 1,792,900	\$ 1,792,900	\$ -
Tuition Charges - In County	454,611		454,611	420,512	(34,099)
Tuition Charges - Out of County	452,736		452,736	606,478	153,742
Interest Earned on Capital Reserve Funds	6,000		6,000		(6,000)
Unrestricted Miscellaneous Revenue	25,000		25,000	25,072	72
Total - Local Sources	2,731,247		2,731,247	2,844,962	113,715
State Sources:					
Categorical Aid					
Equalization Aid	4,200,720		4,200,720	4,200,720	
Categorical Special Education Aid	379,325		379,325	379,325	
Categorical Security Aid	14,559		14,559	14,559	
Other State Aid					
Reimbursed TPAF Social Security Contributions (non-budgeted)				242,301	242,301
On-behalf TPAF pension contributions (non-budgeted)				205,791	205,791
On-behalf TPAF pension post-retirement med'l contrib (non-budgeted)				232,698	232,698
Total - State Sources	4,594,604		4,594,604	5,275,394	680,790
Total Revenues	7,325,851		7,325,851	8,120,356	794,505
EXPENDITURES:					
Current Expense:					
Regular Programs - Grade 9-12 - Instruction:					
Salaries of Teachers	793,427	37,257	830,684	758,784	71,900
Purchased Professional-Educational Services	18,898	9,375	28,273	24,550	3,723
Other Purchased Services		242	242	209	33
General Supplies	7,922	426	8,348	8,003	345
Textbooks		14,741	14,741	14,652	89
Total Regular Programs - Instruction	820,247	62,041	882,288	806,198	76,090
Regular Programs - Home Instruction:					
Salaries of Teachers		2,201	2,201	2,201	
Regular Vocational Programs - Instruction:					
Salaries of Teachers	1,081,479	65,876	1,147,355	1,144,757	2,598
Purchased Professional-Educational Services	1,346,521	39,703	1,386,224	1,386,224	
Other Purchased Services (400-500 series)	1,500	3,103	4,603	4,545	58
General Supplies	71,644	9,480	81,124	77,231	3,893
Textbooks		6,946	6,946	6,946	
Total - Regular Vocational Programs - Instruction	2,501,144	125,108	2,626,252	2,619,703	6,549
School-Sponsored Co/Extra-Curr. Activities-Instruction					
Salaries	4,223	11,865	16,088	16,088	
Purchased Services (300-500 series)	1,100	(402)	698	698	
Supplies and Materials		11,334	11,334	11,334	
Other Objects	12,450	(12,450)			
Total School-Spon. Co/Extra Curr. Actvts. - Inst	17,773	10,347	28,120	28,120	
Undistributed Expenditures - Attendance & Social Work					
Salaries of Drop-Out Prevention Officer/Coordina	70,595	3,240	73,835	73,835	
Total Undistributed Expenditures - Attendance & Social Work	70,595	3,240	73,835	73,835	

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Health Services:					
Salaries	\$ 52,554	\$ -	\$ 52,554	\$ 52,554	\$ -
Purchased Professional and Technical Services	100	1,845	1,945	1,845	100
Other Purchased Services (400-500 series)	675	(74)	601	361	240
Supplies and Materials	500	74	574	429	145
Other Objects		55	55	53	2
Total Undistributed Expenditures - Health Services	53,829	1,900	55,729	55,242	487
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	240,627		240,627	240,626	1
Salaries of Secretarial and Clerical Assistants	25,424	1,040	26,464	26,464	
Other Purchased Services (400-500 series)	1,500	6,717	8,217	7,892	325
Supplies and Materials	2,765	(1,865)	900	900	
Total Undist. Expend. - Guidance	270,316	5,892	276,208	275,882	326
Undistributed Expenditures - Child Study Teams					
Purchased Professional - Educational Services		8,194	8,194	8,194	
Total Undist. Expend. - Child Study Teams		8,194	8,194	8,194	
Undistributed Expenditures - Improvement of Instruction Services					
Salaries of Supervisor of Instruction	53,982	(38,505)	15,477	15,423	54
Salaries of Other Professional Staff	65,417	1	65,418	65,418	
Salaries of Secretarial and Clerical Assistants	66,225		66,225	66,225	
Other Purchased Services (400-500)		576	576	576	
Supplies and Materials		1,112	1,112	990	122
Other Objects	9,000	(9,000)			
Total Undist. Expend. - Improv of Inst. Serv.	194,624	(45,816)	148,808	148,632	176
Undistributed Expenditures - Educational Media Service/Sch Library					
Salaries	60,201		60,201	60,201	
Purchased Professional and Technical Services	39,074	(5,395)	33,679	33,634	45
Supplies and Materials	95,943	3,286	99,229	81,480	17,749
Total Undist Expend-Edu. Media Serv. / Sch. Library	195,218	(2,109)	193,109	175,315	17,794
Undistributed Expenditures - Support Services - General Administration:					
Salaries	63,179	1,677	64,856	63,677	1,179
Legal Services	15,000	(11,134)	3,866	3,865	1
Audit Fee	23,000	350	23,350	23,350	
Other Purchased Professional Services	102,535	(15,277)	87,258	87,258	
Communications/Telephone	30,000	(16,060)	13,940	13,939	1
Misc. Purch Serv (400-500) (Other than 530 & 585)	4,000	129	4,129	3,954	175
General Supplies	5,000	(3,160)	1,840	1,766	74
Miscellaneous Expenditures	14,000	4,166	18,166	18,166	
Total Undist. Expend. -Support Serv. -Gen. Admin.	256,714	(39,309)	217,405	215,975	1,430
Undistributed Expenditures - Support Services - School Administration					
Salaries of Principals / Assistant Principals	170,319	1,620	171,939	171,939	
Salaries of Secretarial and Clerical Assistants	74,354		74,354	74,354	
Other Purchased Services (400-500 series)	1,250	182	1,432	1,359	73
Supplies and Materials	7,340	(2,795)	4,545	4,512	33
Other Objects	3,950	(460)	3,490	3,490	
Total Undist. Expend. -Support Serv. - School Adm.	257,213	(1,453)	255,760	255,654	106

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Central Services:					
Salaries	\$ 82,845	\$ (22,870)	\$ 59,975	\$ 59,974	\$ 1
Purchased Professional Services	55,500		55,500	54,714	786
Purchased Technical Services	32,500	(1,151)	31,349	30,807	542
Misc. Purchased Services (400-500 Series)	4,300	(562)	3,738	3,597	141
Supplies and Materials	13,500	(4,701)	8,799	8,679	120
Interest on Lease Purchase Agreement	142,495		142,495	142,495	
Miscellaneous Expenditures	6,000	(2,795)	3,205	3,117	88
Total Undistributed Expenditures - Central Services	337,140	(32,079)	305,061	303,383	1,678
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	35,483	5,470	40,953	40,953	
Cleaning, Repair, and Maintenance Services	70,000	84,275	154,275	142,096	12,179
General Supplies	81,034	(62,134)	18,900	18,836	64
Other Objects		550	550	550	
Total Undist. Expend-Required Maint for Sch Fac.	186,517	28,161	214,678	202,435	12,243
Undistributed Expenditures - Other Oper & Maint of Plant					
Salaries	263,003	(16,003)	247,000	232,884	14,116
Purchased Professional and Technical Services		27,681	27,681	13,636	14,045
Cleaning, Repair, and Maintenance Services	25,000	18,245	43,245	42,647	598
Insurance	56,000	18,887	74,887	74,886	1
Misc. Purchased Services		70	70	70	
General Supplies	13,710	677	14,387	14,059	328
Energy (Heat and Electricity)	221,605	(50,171)	171,434	171,433	1
Energy (Natural Gas)	85,250	(19,218)	66,032	66,031	1
Energy (Oil)	6,290	446	6,736	6,736	
Total Undist Expend-Oth. Oper & Maint of Plant	670,858	(19,386)	651,472	622,382	29,090
Undistributed Expenditures - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	25,000	(2,559)	22,441	21,398	1,043
Total Care and Upkeep of Grounds	25,000	(2,559)	22,441	21,398	1,043
Undistributed Expenditures - Security					
Cleaning, Repair, and Maintenance Services	2,000	(800)	1,200		1,200
Total Security	2,000	(800)	1,200		1,200
Total Undist. Expend-Oper & Maint of Plant Serv.	884,375	5,416	889,791	846,215	43,576
Undistributed Expenditures - Student Transportation Services:					
Contr Serv (Oth. Than Bet Home & Sch) - Vend	24,885	(9,063)	15,822	15,056	766
Total Undist. Expend. -Student Trans. Serv.	24,885	(9,063)	15,822	15,056	766
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	96,000	(3,650)	92,350	78,881	13,469
Other Retirement Contributions - PERS	176,290	(23,851)	152,439	131,758	20,681
Unemployment Compensation	8,000	7,500	15,500	14,535	965
Workmen's Compensation	48,000	19,786	67,786	62,562	5,224
Health Benefits	933,884	(35,706)	898,178	894,479	3,699
Tuition Reimbursement	20,000	(13,681)	6,319	5,080	1,239
Other Employee Benefits	5,000		5,000	1,000	4,000
Total Unallocated Benefits - Employee Benefits	1,287,174	(49,602)	1,237,572	1,188,295	49,277

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Reimbursed TPAF Social Security Contributions (non-budgeted)	\$ -	\$ -	\$ -	\$ 242,301	\$ (242,301)
On-behalf TPAF pension contributions (non-budgeted)				205,791	(205,791)
On-behalf TPAF pension post-retirement contributions (non-budgeted)				232,698	(232,698)
Total On-behalf Contributions				680,790	(680,790)
Total Undistributed Expenditures	3,832,083	(154,789)	3,677,294	4,242,468	(565,174)
Total Current Expense	7,171,247	44,908	7,216,155	7,698,690	(482,535)
Capital Outlay:					
Interest Deposit to Capital Reserve	\$ 6,000		\$ 6,000		\$ 6,000
Equipment:					
Undistributed Expenses					
Support Services - Instruc. Staff	46,420	3,412	49,832	49,832	
Total Equipment	52,420	3,412	55,832	49,832	6,000
Facilities Acquisition and Construction Services:					
Other Objects - Debt Service Assessment	925		925	925	
Lease Purchase Agreements-Principal	112,936		112,936	112,936	
Total Facilities Acquisition and Construction Services	113,861		113,861	113,861	
Total Capital Outlay	166,281	3,412	169,693	163,693	6,000
Total Expenditures	7,337,528	48,320	7,385,848	7,862,383	(476,535)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,677)	(48,320)	(59,997)	257,973	317,970
Other Financing Sources (Uses)					
Fund Balances, July 1	513,419		513,419	513,419	
Fund Balances, June 30	\$ 501,742	\$ (48,320)	\$ 453,422	\$ 771,392	\$ 317,970
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 12,000	
Excess surplus				257,428	
Excess Surplus - Designated For Subsequent Years Expenditures				28,148	
Committed Fund Balance:					
Year-end Encumbrances				42,920	
Unassigned Fund Balance				430,896	
				771,392	
Reconciliation to Governmental Funds Statements (GAAP):					
Last two State Aid Payments 2011-12 Not Recognized on GAAP Basis				(459,367)	
				\$ 312,025	

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Special Revenue Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Amendments / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
State Sources:					
School Based Youth Services-- Family Court	\$ 5,000	\$ 4,000	\$ 9,000	\$ 9,000	\$ -
School Based Youth Services	278,182	4,800	282,982	270,600	(12,382)
Perkins Post Secondary	95,538		95,538	85,768	(9,770)
Total - State Sources	378,720	8,800	387,520	365,368	(22,152)
Federal Sources:					
Workforce Investment Act	83,918	58,045	141,963	82,323	(59,640)
Perkins	85,768		85,768	95,536	9,768
Adult Basic Skills-LA	549,700		549,700	530,483	(19,217)
Adult Basic Skills-Sub-grantee	77,560	31,577	109,137	109,078	(59)
I.D.E.A.	116,531	4,778	121,309	121,279	(30)
No Child Left Behind I A	93,877		93,877	72,537	(21,340)
No Child Left Behind II	4,281		4,281		(4,281)
No Child Left Behind II A		9,019	9,019	7,193	(1,826)
21st Century	534,482	47,289	581,771	537,351	(44,420)
Talent Development				257,121	257,121
Race to the Top	3,641		3,641	3,641	
Total - Federal Sources	1,549,758	150,708	1,700,466	1,816,542	116,076
Other Sources:					
Talent Development	280,370		280,370		(280,370)
Total - Other Sources	280,370		280,370		(280,370)
Total Revenues	2,208,848	159,508	2,368,356	2,181,910	(186,446)

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Special Revenue Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Amendments / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 290,674	\$ 34,000	\$ 324,674	\$ 316,177	\$ 8,497
Purchased Professional & Technical Services	333,553	577	334,130	290,544	43,586
Other Purchased Services	1,450	74	1,524	9,235	(7,711)
General Supplies	110,828	36,493	147,321	121,021	26,300
Other Objects	26,288	(4,785)	21,503	20,313	1,190
Total Instruction	762,793	66,359	829,152	757,290	71,862
Support Services:					
Salaries of Principals/Assistant Principals	301,672	23,864	325,536	298,954	26,582
Salaries of Other Professional Staff	90,952		90,952	85,952	5,000
Personal Services - Employee Benefits	108,274	21,550	129,824	128,531	1,293
Purchased Professional Educational Services	4,000	(1,350)	2,650	2,650	
Other Purchased Professional Services	657,901	8,072	665,973	643,808	22,165
Purchased Technical Services	47,132	5,200	52,332	48,332	4,000
Rentals	16,200		16,200	16,200	
Contracted Services	1,730	(606)	1,124		1,124
Utilities	9,500		9,500		9,500
Travel	7,394	648	8,042	4,706	3,336
Other Purchased Services	132,969	6,933	139,902	124,971	14,931
Supplies and Materials	5,620	6,001	11,621	10,962	659
Other Objects	19,291	26,250	45,541	19,765	25,776
Total Support Services	1,402,635	96,562	1,499,197	1,384,831	114,366
Facilities Acquisition and Construction Services:					
Instructional Equipment	43,420	(3,413)	40,007	39,789	218
Total Facilities Acquisition & Construction Services	43,420	(3,413)	40,007	39,789	218
Total Expenditures	2,208,848	159,508	2,368,356	2,181,910	186,446
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2013

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	General Fund	Special Revenue Fund
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	\$ 8,120,356	\$ 2,181,910
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(45,794)
Prior Year		59,072
The last two 11-12 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	436,553	
The last two 12-13 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(459,367)	
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 8,097,542</u>	<u>\$ 2,195,188</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 7,862,383	\$ 2,181,910
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year		(45,794)
Prior Year		59,072
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 7,862,383</u>	<u>\$ 2,195,188</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2013

	Total	NCLB Title I, Part A 2012-13	NCLB Title II, Part A 2012-13	NCLB Title II, Part A 2011-12	Total Brought Forward
REVENUES:					
Federal Sources	\$ 1,816,542	\$ 72,537	\$ 4,281	\$ 2,912	\$ 1,736,812
State Sources	365,368				365,368
Other Sources					
Total Revenues	2,181,910	72,537	4,281	2,912	2,102,180
EXPENDITURES:					
Instruction:					
Salaries of Teachers	316,177	53,254			262,923
Purchased Professional & Technical Services	290,544		4,281	2,912	283,351
Other Purchased Services	9,235				9,235
General Supplies	121,021	3,660			117,361
Other Objects	20,313				20,313
Total Instruction	757,290	56,914	4,281	2,912	693,183
Support Services:					
Salaries of Principals/Assistant Principals	298,954				298,954
Salaries of Other Professional Staff	85,952				85,952
Personal Services - Employee Benefits	128,531	15,623			112,908
Purchased Professional Educational Services	2,650				2,650
Other Purchased Professional Services	643,808				643,808
Purchased Technical Services	48,332				48,332
Rentals	16,200				16,200
Travel	4,706				4,706
Other Purchased Services	124,971				124,971
Supplies and Materials	10,962				10,962
Other Objects	19,765				19,765
Total Support Services	1,384,831	15,623			1,369,208
Facilities Acquisition & Construction Services:					
Non Instructional Equipment					
Instructional Equipment	39,789				39,789
Total Facilities Acquisition & Construction Services	39,789				39,789
Total Expenditures	\$ 2,181,910	\$ 72,537	\$ 4,281	\$ 2,912	\$ 2,102,180

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2013

	Total Carried Forward	I.D.E.A. 2012-13	I.D.E.A. 2011-12	Total Brought Forward
REVENUES:				
Federal Sources	\$ 1,736,812	\$ 116,531	\$ 4,748	\$ 1,615,533
State Sources	365,368			365,368
Other Sources				
Total Revenues	2,102,180	116,531	4,748	1,980,901
EXPENDITURES:				
Instruction:				
Salaries of Teachers	262,923	36,971		225,952
Purchased Professional & Technical Services	283,351			283,351
Other Purchased Services	9,235			9,235
General Supplies	117,361		4,748	112,613
Other Objects	20,313			20,313
Total Instruction	693,183	36,971	4,748	651,464
Support Services:				
Salaries of Principals/Assistant Principals	298,954			298,954
Salaries of Other Professional Staff	85,952			85,952
Personal Services - Employee Benefits	112,908			112,908
Purchased Professional Educational Services	2,650			2,650
Other Purchased Professional Services	643,808	79,560		564,248
Purchased Technical Services	48,332			48,332
Rentals	16,200			16,200
Travel	4,706			4,706
Other Purchased Services	124,971			124,971
Supplies and Materials	10,962			10,962
Other Objects	19,765			19,765
Total Support Services	1,369,208	79,560		1,289,648
Facilities Acquisition & Construction Services:				
Non Instructional Equipment				
Instructional Equipment	39,789			39,789
Total Facilities Acquisition & Construction Services	39,789			39,789
Total Expenditures	\$ 2,102,180	\$ 116,531	\$ 4,748	\$ 1,980,901

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2013

	Total Carried Forward	21st Century 2012-13	21st Century 2011-12	Supplemental 21st Century 2012-13	Lead Agent Adult Basic Skills 2012-13	Sub-grantee Adult Basic Skills 2012-13	Total Brought Forward
REVENUES:							
Federal Sources	\$ 1,615,533	\$ 473,048	\$ 47,237	\$ 17,066	\$ 530,483	\$ 109,078	\$ 438,621
State Sources	365,368						365,368
Other Sources							
Total Revenues	1,980,901	473,048	47,237	17,066	530,483	109,078	803,989
EXPENDITURES:							
Instruction:							
Salaries of Teachers	225,952	115,097		13,506		97,349	
Purchased Professional & Technical Services	283,351	6,820					276,531
Other Purchased Services	9,235	260	74				8,901
General Supplies	112,613	1,436	7,742			3,029	100,406
Other Objects	20,313	13,208	260				6,845
Total Instruction	651,464	136,821	8,076	13,506		100,378	392,683
Support Services:							
Salaries of Principals/Assistant Principals	298,954	151,522	19,110	2,184			126,138
Salaries of Other Professional Staff	85,952						85,952
Personal Services - Employee Benefits	112,908	40,291	11,062	1,376		8,534	51,645
Purchased Professional Educational Services	2,650						2,650
Other Purchased Professional Services	564,248	25,000			530,483		8,765
Purchased Technical Services	48,332						48,332
Rentals	16,200						16,200
Travel	4,706	1,728	284				2,694
Other Purchased Services	124,971	117,596	6,933				442
Supplies and Materials	10,962	90	1,676				9,196
Other Objects	19,765		96			166	19,503
Total Support Services	1,289,648	336,227	39,161	3,560	530,483	8,700	371,517
Facilities Acquisition & Construction Services:							
Non Instructional Equipment							
Instructional Equipment	39,789						39,789
Total Facilities Acquisition & Construction Services	39,789						39,789
Total Expenditures	\$ 1,980,901	\$ 473,048	\$ 47,237	\$ 17,066	\$ 530,483	\$ 109,078	\$ 803,989

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2013

	Total Carried Forward	W.I.A. 2012-13	W.I.A. 2011-12	W.I.A. Out of School 2012-13	W.I.A. Out of School 2011-12	Perkins Secondary 2012-13	Perkins Secondary Reserve 2012-13	Perkins Post Secondary 2012-13	Total Brought Forward
REVENUES:									
Federal Sources	\$ 438,621	\$ 25,059	\$ 29,124	\$ 20,276	\$ 7,864	\$ 65,225	\$ 30,311		\$ 260,762
State Sources	365,368							\$ 85,768	279,600
Other Sources									
Total Revenues	803,989	25,059	29,124	20,276	7,864	65,225	30,311	85,768	540,362
EXPENDITURES:									
Instruction:									
Salaries of Teachers									
Purchased Professional & Technical Services	276,531					9,602	9,808		257,121
Other Purchased Services	8,901							8,901	
General Supplies	100,406					32,291	13,248	54,867	
Other Objects	6,845						3,995	2,850	
Total Instruction	392,683					41,893	27,051	66,618	257,121
Support Services:									
Salaries of Principals/Asst Principals	126,138	22,059	7,353	14,706	4,902				77,118
Salaries of Other Professional Staff	85,952								85,952
Personal Services - Employee Benefits	51,645		5,590	5,120	2,884				38,051
Purchased Professional Educational Services	2,650							2,650	
Other Purchased Professional Services	8,765							1,124	7,641
Purchased Technical Services	48,332								48,332
Rentals	16,200								16,200
Travel	2,694		78		78		475	1,704	359
Other Purchased Services	442			50					392
Supplies and Materials	9,196								9,196
Other Objects	19,503	3,000	16,103	400					
Total Support Services	371,517	25,059	29,124	20,276	7,864		475	5,478	283,241
Facilities Acquisition & Construction Services:									
Non Instructional Equipment									
Instructional Equipment	39,789					23,332	2,785	13,672	
Total Facilities Acquisition & Construction Services	39,789					23,332	2,785	13,672	
Total Expenditures	\$ 803,989	\$ 25,059	\$ 29,124	\$ 20,276	\$ 7,864	\$ 65,225	\$ 30,311	\$ 85,768	\$ 540,362

(Continued)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2013

	Total Carried Forward	School Based Youth Services 2012-13	Race to the Top 2012-13	Talent Development 2012-13	School Based Youth Services Family Court 2011-12	School Based Youth Services Family Court 2012-13
REVENUES:						
Federal Sources	\$ 260,762		\$ 3,641	\$ 257,121		
State Sources	279,600	\$ 270,600			4,000	5,000
Other Sources						
Total Revenues	<u>540,362</u>	<u>270,600</u>	<u>3,641</u>	<u>257,121</u>	<u>4,000</u>	<u>5,000</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional & Technical Services	257,121			257,121		
Other Purchased Services						
General Supplies	-					
Other Objects						
Total Instruction	<u>257,121</u>			<u>257,121</u>		
Support Services:						
Salaries of Principals/Asst Principals	77,118	74,618				2,500
Salaries of Other Professional Staff	85,952	85,952				
Personal Services - Employee Benefits	38,051	35,551				2,500
Purchased Professional Educational Services						
Other Purchased Professional Services	7,641		3,641		4,000	
Purchased Technical Services	48,332	48,332				
Rentals	16,200	16,200				
Travel	359	359				
Other Purchased Services	392	392				
Supplies and Materials	9,196	9,196				
Other Objects						
Total Support Services	<u>283,241</u>	<u>270,600</u>	<u>3,641</u>		<u>4,000</u>	<u>5,000</u>
Facilities Acquisition & Construction Services:						
Non Instructional Equipment						
Instructional Equipment						
Total Facilities Acquisition & Construction Services						
Total Expenditures	<u>\$ 540,362</u>	<u>\$ 270,600</u>	<u>\$ 3,641</u>	<u>\$ 257,121</u>	<u>\$ 4,000</u>	<u>\$ 5,000</u>

CAPITAL PROJECTS FUND DETAIL STATEMENT

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2013

<u>Project Title / Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Balance June 30, 2012</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Construction Services-2011 Project	3/29/2011	\$ 893,818	\$ 542,033	\$ -	\$ 351,785
2010 School Energy Savings	4/27/2010	3,190,699	3,190,699		
		<u>\$ 4,084,517</u>	<u>\$ 3,732,732</u>	<u>\$ -</u>	<u>\$ 351,785</u>
Encumbrances					\$ 123,261
Unreserved - Designated to Subsequent Year's Expenditures					228,524
					<u>\$ 351,785</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
Summary Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2013

Revenues and Other Financing Sources (Uses)

State Sources - SCC Grant	\$ -
Transfer from Capital Reserve	<hr/>

Total Revenues	<hr/>
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Expenditures and Other Financing Uses

Construction Services-2013 Project	
Construction Services-ESIP Project	<hr/>

Total Expenditures	<hr/>
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Excess (Deficiency) of Revenues Over (Under) Expenditures

Fund Balance - July 1	<hr/> 351,785
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Fund Balance - June 30	<hr/> <hr/> \$ 351,785
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SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
2012 School Energy Savings
From Inception and for the Fiscal Year Ended June 30, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources (Uses)				
State Sources - SCC Grant				
Capital Lease Proceeds	\$ 3,190,699	\$ -	\$ 3,190,699	\$ 3,190,699
Transfer from Capital Reserve	893,818		893,818	
Total Revenues	<u>4,084,517</u>		<u>4,084,517</u>	<u>3,190,699</u>
Expenditures and Other Financing Uses				
Construction Services-2011 Project	542,033		542,033	
Construction Services-ESIP Project	3,190,699		3,190,699	3,190,699
Total Expenditures	<u>3,732,732</u>		<u>3,732,732</u>	<u>3,190,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 351,785</u>	<u>\$ -</u>	<u>\$ 351,785</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	3,190,699			
Additional Authorized Cost	0			
Revised Authorized Cost	3,190,699			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	1/30/2012			
Revised Target Completion Date	N/A			

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

Alternative High School Enterprise Fund – This fund provides for the operation of the District's Alternative High School.

Transportation Enterprise Fund – This fund provides for transportation services provided to other local educational associations.

Related Services Enterprise Fund – This fund provides for student support services which are provided to other local educational associations.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Net Position
June 30, 2013

	Business Type Activities- Enterprise Funds								
	Food Service	Special Services Salem Campus	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	Consolidated Services	School Based Youth Services	Total
ASSETS:									
Current Assets:									
Cash and Cash Equivalents	\$ 37,555	\$ (483,326)	\$ (3,130)	\$ 78,271	\$ 169,265	\$ 10,847	\$ -	\$ 17,103	\$ (173,415)
Accounts Receivable:									
State	262								262
Federal	5,415								5,415
Other	419	609,575	3,130		136,050				749,174
Inventories	8,478								8,478
Total Current Assets	52,129	126,249	-	78,271	305,315	10,847		17,103	589,914
Noncurrent Assets:									
Site Improvements		77,600							77,600
Building		2,123,900							2,123,900
Equipment		179,585							179,585
Accumulated Depreciation		(1,562,990)							(1,562,990)
Total Noncurrent Assets		818,095							818,095
Total Assets	52,129	944,344	-	78,271	305,315	10,847		17,103	1,408,009
LIABILITIES:									
Current Liabilities:									
Accounts Payable		263							263
Due to Current Fund	792								792
Unearned Revenue	1,107				19,107				20,214
Compensated Absences Payable		14,814							14,814
Total Current Liabilities	1,899	15,077			19,107				36,083
Net Position:									
Invested in Capital Assets									
Net of Related Debt		818,095							818,095
Committed - Year-End Encumbrances	20	17,866							17,866
Unrestricted	50,210	93,306		78,271	286,208	10,847		17,103	535,945
Total Net Position	\$ 50,230	\$ 929,267	\$ -	\$ 78,271	\$ 286,208	\$ 10,847	\$ -	\$ 17,103	\$ 1,371,926

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2013

	Business Type Activities- Enterprise Funds								
	Food Service	Special Services Salem Campus	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	Consolidated Services	School Based Youth Services	Total
OPERATING REVENUES:									
Charges for Services:									
Daily Sales - Reimbursable Programs	\$ 62,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,564.00
Daily Sales - Non-Reimbursable Programs	50,790								50,790
Tuition		545,218	36,862	84,000					666,080
Other Revenue		600,000		33,000	377,948	390	284,111		1,295,449
Total Operating Revenues	113,354	1,145,218	36,862	117,000	377,948	390	284,111		2,074,883
OPERATING EXPENSES:									
Salaries	111,327	604,718	52,112	44,800	195,211				1,008,168
Employee Benefits		196,989	10,296		61,235				268,520
Cost of Sales	114,609								114,609
Purchased Educational Services		146,728		13,510	4,259				164,497
Other Purchased Professional Services		205					313,748		313,953
Purchased Technical Services		21,474							21,474
Contracted Services				2,308					2,308
Cleaning, Repair & Maintenance		4,299							4,299
Insurance		5,678							5,678
Communications		2,186							2,186
Travel		912			1,383				2,295
Other Purchased Services	764				5,230				5,994
General Supplies		10,337	341	250	7,945	145			19,018
Utilities		65,458							65,458
Textbooks					10,286				10,286
Miscellaneous		3,031		20	873				3,924
Depreciation		58,195							58,195
Total Operating Expenses	226,700	1,120,210	62,749	60,888	286,422	145	313,748		2,070,862
Operating Income / (Loss)	(113,346)	25,008	(25,887)	56,112	91,526	245	(29,637)		4,021
NONOPERATING REVENUES (EXPENSES):									
State Sources:									
State School Lunch Program	2,201								2,201
Federal Sources:									
Food Distribution Program	15,016								15,016
National School Lunch Program	69,594								69,594
National School Breakfast Program	10,525								10,525
Interest and Investment Revenue	102								102
Total Non-operating Revenues (Expenses)	97,438								97,438
Income(Loss) before Operating Transfers	(15,908)	25,008	(25,887)	56,112	91,526	245	(29,637)		101,459
OTHER FINANCING USES:									
Transfer		(21,889)	21,889						
Net Position -- July 1	66,138	926,148	3,998	22,159	194,682	10,602	29,637	17,103	1,270,467
Net Position -- June 30	\$ 50,230	\$ 929,267	\$ -	\$ 78,271	\$ 286,208	\$ 10,847	\$ -	\$ 17,103	\$ 1,371,926

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Enterprise Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2013

	Business Type Activities- Enterprise Funds							Totals
	Food Service	Special Services Salem Campus	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	Consolidated Services	
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from Customers	\$ 113,354	\$ 729,521	\$ 36,862	\$ 117,000	\$ 377,948	\$ 390	\$ 284,111	\$ 1,659,186
Payments to Employees	(111,327)	(616,216)	(52,112)	(44,800)	(195,211)			(1,019,666)
Payments for Employee Benefits		(196,989)	(10,296)		(61,235)			(268,520)
Payments to Suppliers	(116,448)	(293,511)	19,913	(16,088)	(133,506)	(145)	(313,748)	(853,533)
Net Cash Provided by (used for) Operating Activities	(114,421)	(377,195)	(5,633)	56,112	(12,004)	245	(29,637)	(482,533)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
State Sources	2,201							2,201
Federal Sources	95,135							95,135
Net Cash Provided by (used for) Non-Capital Financing Activities	97,336							97,336
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest and Dividends	102							102
Net Cash Provided by (used for) Investing Activities	102							102
Net Increase (Decrease) in Cash and Cash Equivalents	(16,983)	(377,195)	(5,633)	56,112	(12,004)	245	(29,637)	(385,095)
Cash and Cash Equivalents -- July 1	54,538	(106,131)	2,503	22,159	181,269	10,602	29,637	211,680
Cash and Equivalents -- June 30	\$ 37,555	\$ (483,326)	\$ (3,130)	\$ 78,271	\$ 169,265	\$ 10,847	\$ -	\$ (173,415)
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Operating Income (Loss)	\$ (113,346)	\$ 25,008	\$ (25,887)	\$ 56,112	\$ 91,526	\$ 245	\$ (29,637)	\$ 4,021
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:								
Depreciation Expense		58,195						58,195
Transfer		(21,889)	21,889					
Changes in Assets and Liabilities:								
Accounts Receivable (Increase)/Decrease	(2,968)	(415,697)	(1,635)		(103,645)			(523,945)
Inventory (Increase)/Decrease	1,067							1,067
Accounts Payable Increase/(Decrease)		(11,314)			(276)			(11,590)
Deferred Revenue Increase/(Decrease)	34				391			425
Compensated Absences Payable Increase/(Decrease)		(11,498)						(11,498)
Due to Current Increase/(Decrease)	792							792
Net Cash Provided by (used for) Operating Activities	\$ (114,421)	\$ (377,195)	\$ (5,633)	\$ 56,112	\$ (12,004)	\$ 245	\$ (29,637)	\$ (482,533)

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2013

	<u>Agency Funds</u>		
	<u>Student</u>	<u>Payroll</u>	<u>Total</u>
	<u>Activity</u>		
ASSETS:			
Cash and Cash Equivalents	\$ 19,210	\$ 1,366	\$ 20,576
Total Assets	<u>\$ 19,210</u>	<u>\$ 1,366</u>	<u>\$ 20,576</u>
LIABILITIES:			
Payable to Student Groups	\$ 19,210	\$ -	\$ 19,210
Payroll Deductions and Withholdings		1,366	1,366
Total Liabilities	<u>\$ 19,210</u>	<u>\$ 1,366</u>	<u>\$ 20,576</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Vo Tech	\$ 15,639	\$ 91,133	\$ 87,562	\$ 19,210

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS:				
Cash and Cash Equivalents	\$ 2,628	\$ 6,773,974	\$ 6,775,236	\$ 1,366
Total Assets	<u>\$ 2,628</u>	<u>\$ 6,773,974</u>	<u>\$ 6,775,236</u>	<u>\$ 1,366</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 2,628	\$ 3,423,979	\$ 3,425,241	\$ 1,366
Net Payroll		<u>3,349,995</u>	<u>3,349,995</u>	
Total Liabilities	<u>\$ 2,628</u>	<u>\$ 6,773,974</u>	<u>\$ 6,775,236</u>	<u>\$ 1,366</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2013

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue Principal</u>	<u>Interest</u>	<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2012</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2013</u>
2010 School Energy Savings	4/27/2010	15 yrs.	\$ 3,190,699	\$ 1,482,550	4.740%	<u>\$ 3,006,220</u>	<u>\$ -</u>	<u>\$ 112,936</u>	<u>\$ 2,893,284</u>
						(a)			(a)

(a) Future Interest Payments Removed from Carrying Value of Leases.

STATISTICAL SECTION

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Net Position by Component,
 Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 8,339,893	\$ 8,260,183	\$ 8,352,039	\$ 8,592,297	\$ 8,456,488	\$ 8,632,392	\$ 8,275,193	\$ 7,585,773	\$ 7,745,536	\$ 6,884,811
Restricted	3,255,649	3,455,374	3,753,290	3,352,849	2,555,670	2,278,308	1,736,407	1,453,638	397,610	649,361
Unrestricted	(118,814)	(21,563)	26,661	68,779	481,692	(75,157)	(120,169)	(188,850)	(101,023)	(119,188)
Total governmental activities Net Position	\$ 11,476,728	\$ 11,693,994	\$ 12,131,990	\$ 12,013,925	\$ 11,493,849	\$ 10,835,544	\$ 9,891,431	\$ 8,850,561	\$ 8,042,123	\$ 7,414,984
Business-type activities										
Invested in capital assets, net of related debt	\$ 1,284,532	\$ 1,245,375	\$ 1,189,140	\$ 1,133,612	\$ 1,080,169	\$ 1,032,108	\$ 983,395	\$ 934,485	\$ 876,290	\$ 818,095
Restricted						7,979	16,728	4,930	23,309	17,886
Unrestricted	1,195,435	796,979	513,036	402,508	297,064	421,010	384,166	229,198	370,868	535,945
Total business-type activities Net Position	\$ 2,479,967	\$ 2,042,355	\$ 1,702,176	\$ 1,536,119	\$ 1,377,233	\$ 1,461,097	\$ 1,384,289	\$ 1,168,614	\$ 1,270,467	\$ 1,371,926
District-wide										
Invested in capital assets, net of related debt	\$ 9,624,425	\$ 9,505,559	\$ 9,541,179	\$ 9,725,908	\$ 9,536,657	\$ 9,664,501	\$ 9,258,588	\$ 8,520,258	\$ 8,621,826	\$ 7,702,906
Restricted	3,255,649	3,455,374	3,753,290	3,352,849	2,555,670	2,286,287	1,753,135	1,458,568	420,919	667,247
Unrestricted	1,076,621	775,416	539,697	471,286	778,755	345,853	263,997	40,349	269,845	416,757
Total District Net Position	\$ 13,956,695	\$ 13,736,349	\$ 13,834,166	\$ 13,550,044	\$ 12,871,082	\$ 12,296,641	\$ 11,275,720	\$ 10,019,174	\$ 9,312,590	\$ 8,786,910

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 908,560	\$ 925,732	\$ 1,137,225	\$ 1,027,440	\$ 973,428	\$ 1,108,781	\$ 1,167,138	\$ 1,650,755	\$ 1,859,555.00	\$1,652,817.00
Special Vocational Programs	3,361									
Vocational	1,507,561	1,717,946	1,736,092	1,991,462	2,150,347	2,377,718	2,524,598	2,796,045	2,754,285	2,834,358
Other instruction	2,909									
School Sponsored Co-Curricular Activities	11,289	16,760	18,225	25,775	33,528	28,393	33,711	39,236	24,173	28,120
Support Services:										
Attendance and Social Work							108,598	64,152	68,539	73,835
Health Services	18,572	31,753	32,027	36,070	38,224	39,339	42,905	53,618	54,825	55,242
Students - Regular	1,140,939	1,273,430	1,594,417	1,482,731	1,295,086	1,095,181	1,209,421	986,591	1,053,612	1,675,738
Improvement of Instruction Services	157,195	127,405	152,432	103,932	72,619	99,932	103,739	115,507	164,186	148,632
Educational Media/School Library	116,688	124,712	143,228	157,393	175,709	261,741	213,095	151,945	157,649	175,315
General Administration	313,484	364,865	347,825	387,152	442,216	320,379	299,231	214,512	291,309	263,041
School Administrative	244,493	269,553	251,048	188,888	237,652	218,016	203,002	237,117	248,180	255,654
Central Services	362,932	344,415	384,271	373,251	428,650	466,584	396,299	444,854	(302)	304,308
Operation and Maintenance of Plant Services	824,699	832,690	816,110	1,129,284	1,244,916	1,223,044	1,135,174	995,817	80,495	925,595
Student Transportation Services	7,812	8,166	17,881	8,000	11,405	16,529	27,064	13,352		15,056
Unallocated benefits	514,718	672,216	798,706	1,082,835	1,171,454	1,121,058	1,245,674	1,492,726		1,871,773
Capital Outlay	122,036	2,119								
Special Schools	26,110									
Unallocated depreciation	221,688	235,901	277,566	253,768	259,241	280,607	280,617	281,135	617,132	640,385.00
Total governmental activities expenses	6,505,042	6,947,663	7,707,052	8,247,981	8,534,474	8,657,303	8,990,265	9,537,364	7,373,638	10,919,869
Business-type activities:										
Food service	169,154	164,926	168,115	175,930	195,153	193,588	185,570	176,170	184,435	226,700
Regional Day School	1,960,266	1,707,624	1,656,084	1,637,428	1,624,468	1,478,487	1,497,453	1,444,478	1,353,544	1,120,210
Summer Enrichment Program	17,434	3,172	36,440	194,246	157,356	123,096	105,019	92,092	120,662	60,888
BCCEC/ETTC	44,491		73,985	73,391	76,435	23,577	38,626	97,998	162,525	286,422
Air Force Junior ROTC	937	1,012		2,026	578					
Transitional Production Workshop	4,745	2,739	6,893	13,151	13,275	276	1,024		841	145
Consolidated Services	235,181	235,214	220,789	217,903	191,415	172,551	248,410	309,380	271,096	313,748
School Based Youth Services	4,943	10,372		3,211	54		645	60,529	65,084	62,749
ETTC Program		24,912								
Total business-type activities expense	2,437,150	2,149,971	2,162,305	2,317,285	2,258,734	1,991,574	2,076,748	2,180,647	2,158,187	2,070,862
Total district expenses	\$ 8,942,192	\$ 9,097,634	\$ 9,869,357	\$ 10,565,266	\$ 10,793,207	\$ 10,648,878	\$ 11,067,013	\$ 11,718,010	\$ 9,531,825	\$ 12,990,731

Continued

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Fiscal Year Ending June 30,										
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 88,732	\$ 221,000	\$ 284,375	\$ 250,198	\$ 370,898	\$ 331,558	\$ 395,344	\$ 404,740	\$ 654,536	\$ 1,026,990
Operating grants and contributions	1,693,014	1,722,628	2,349,258	2,378,436	1,832,367	1,703,769	1,802,658	1,930,251	2,268,482	2,809,543
Capital grants and contributions										
Total governmental activities program revenues	1,781,746	1,943,628	2,633,633	2,628,634	2,203,265	2,035,327	2,198,002	2,334,990	2,923,018	3,836,533
Business-type activities:										
Charges for services										
Food service	91,595	102,554	128,489	129,888	145,663	138,789	143,393	112,037	112,404	113,354
Regional Day School	1,559,809	1,284,193	1,326,219	1,584,111	1,556,507	1,556,902	1,389,762	1,202,642	1,325,281	1,145,218
Summer Enrichment Program	58,360	10,481	82,530	119,841	137,661	134,060	105,019	92,092	142,000	117,000
BCCEC/ETTC	52,125		52,351	27,533	17,000	10,770	37,119	112,018	233,387	377,948
Air Force Junior ROTC	5,074	4,718	320	4,732	828					
Transitional Production Workshop	6,931		10,633	7,672	2,223	4,155	5,877	1,761	1,635	390
Consolidated Services	235,181	235,214	220,789	217,903	191,415	172,551	248,410	309,380	300,733	284,111
School Based Youth Services	12,500	12,500	10,000	10,000	10,000					
ETTC Program & The Learning Center		22,857						40,487	68,124	36,862
Operating grants and contributions	32,832	39,844	40,905	49,409	50,839	60,813	70,259	68,813	76,352	97,336
Total business type activities program revenues	2,054,408	1,712,360	1,872,235	2,151,090	2,112,136	2,078,039	1,999,841	1,939,230	2,259,916	2,172,219
Total district program revenues	\$ 3,836,153	\$ 3,655,988	\$ 4,505,868	\$ 4,779,723	\$ 4,315,401	\$ 4,113,366	\$ 4,197,842	\$ 4,274,221	\$ 5,182,934	\$ 6,008,752
Net (Expense)/Revenue										
Governmental activities	\$ 4,723,297	\$ 5,004,035	\$ 5,073,419	\$ 5,619,347	\$ 6,331,208	\$ 6,621,976	\$ 6,792,263	\$ 7,202,373	\$ 5,720,936	\$ 7,083,336
Business-type activities	382,742	437,611	290,070	166,196	146,597	(86,464)	76,907	241,417	(101,729)	(101,357)
Total district-wide net expense	\$ 5,106,039	\$ 5,441,646	\$ 5,363,489	\$ 5,785,543	\$ 6,477,806	\$ 6,535,512	\$ 6,869,170	\$ 7,443,790	\$ 5,619,207	\$ 6,981,979
General Revenues and Other Changes in Net Position										
Governmental activities:										
County of Salem Budget Appropriation	\$ 1,357,597	\$ 1,400,000	\$ 1,465,000	\$ 1,530,000	\$ 1,595,000	\$ 1,660,000	\$ 1,660,000	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900
Federal and State Aid Unrestricted	3,366,327	3,490,832	3,527,529	3,505,863	3,848,080	4,086,043	3,993,785			
Federal and State Aid Restricted	229,375	119,811	147,568	136,454	95,516	103,025	82,470	4,344,679	4,567,036	4,638,225
Transferred Locations/ Use of Capital Assets			4,159							
Loss on Disposal of Capital Assets					(6,823)	(16,860)				
Capital Outlay Contributions			43,331			(2,387)				
Miscellaneous income	186,797	173,378	323,828	328,965	279,360	133,849	111,895	44,924	163,309	25,072
Transfers	(64,520)	(41,695)								
Total governmental activities	5,075,576	5,142,325	5,511,415	5,501,282	5,811,133	5,963,670	5,848,150	6,182,503	6,523,245	6,456,197
Business-type activities:										
Miscellaneous Income			237	411	451	86	99	157	125	102
PY Revenue Refund to State of NJ			(5,143)							
Cancellation of PY Receivables			(20)	(381)						
Cancellation of PY Purchase Order				109						
Transferred Locations/ Use of Capital Assets			(1,851)							
Loss on Disposal of Capital Assets						(1,893)				
Returned to Grantor						(15,921)				
Capital Outlay Contributions			(43,331)			2,387		4,584		
Transfers	53,170									
Total business-type activities	53,170	-	(50,109)	139	451	(15,341)	99	4,741	125	102
Total district-wide	\$ 5,128,747	\$ 5,142,325	\$ 5,461,306	\$ 5,501,421	\$ 5,811,585	\$ 5,948,330	\$ 5,848,250	\$ 6,187,244	\$ 6,523,370	\$ 6,456,299
Change in Net Position										
Governmental activities	\$ 352,280	\$ 138,290	\$ 437,996	\$ (118,065)	\$ (520,075)	\$ (658,306)	\$ (944,113)	\$ (1,019,870)	\$ 802,309	\$ (627,139)
Business-type activities	(329,572)	(437,611)	(340,179)	(166,057)	(146,146)	71,124	(76,808)	(236,675)	101,854	101,459
Total district	\$ 22,708	\$ (299,321)	\$ 97,817	\$ (284,122)	\$ (666,221)	\$ (587,182)	\$ (1,020,921)	\$ (1,256,545)	\$ 904,163	\$ (525,680)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	2004	2005	2006	2007	Fiscal Year Ending June 30		2010	2011	2012	2013
					2008	2009				
General Fund										
Reserved	\$ 3,225,337	\$ 3,455,374	\$ 3,753,290	\$ 3,352,849	\$ 2,548,755	\$ 2,278,308	\$ 1,736,407	\$ 260,627	\$ 83,693	\$ 340,496
Unreserved	104,251	126,008	143,613	184,949	195,894	(20,827)	(54,801)	(143,670)	(6,827)	(28,471)
Total general fund	<u>\$ 3,329,588</u>	<u>\$ 3,581,382</u>	<u>\$ 3,896,903</u>	<u>\$ 3,537,798</u>	<u>\$ 2,744,649</u>	<u>\$ 2,257,482</u>	<u>\$ 1,681,606</u>	<u>\$ 116,958</u>	<u>\$ 76,866</u>	<u>\$ 312,025</u>
All Other Governmental Funds										
Reserved	\$ 13,000									
Unreserved, reported in:										
Special revenue fund	(1,551)	\$ (1,551)	\$ (1,551)	\$ (1,551)	\$ (1,551)					
Capital projects fund	73						\$ 2,233,489	\$ 1,311,982	\$ 351,785	\$ 351,785
Total all other governmental funds	<u>\$ 11,522</u>	<u>\$ (1,551)</u>	<u>\$ (1,551)</u>	<u>\$ (1,551)</u>	<u>\$ (1,551)</u>	<u>\$ -</u>	<u>\$ 2,233,489</u>	<u>\$ 1,311,982</u>	<u>\$ 351,785</u>	<u>\$ 351,785</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
County of Salem Budget Appropriation	\$ 1,357,597	\$ 1,400,000	\$ 1,465,000	\$ 1,530,000	\$ 1,595,000	\$ 1,660,000	\$ 1,660,000	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900
Tuition charges	88,732	221,000	284,375	250,198	370,898	331,558	395,344	404,740	654,536	1,026,990
Unrestricted Miscellaneous Revenue	186,797	173,378	323,828	328,965	279,360	133,849	111,895	44,924	172,709	25,072
State sources	4,067,616	4,300,998	4,359,944	4,518,118	4,693,360	4,963,369	4,150,346	5,056,789	5,276,031	5,618,464
Federal sources	1,221,100	1,032,273	1,664,412	1,495,260	1,082,322	918,479	1,727,758	1,218,141	1,550,087	1,829,304
Other sources				7,375	281	10,989	808	-	-	-
Total revenue	6,921,842	7,127,648	8,097,558	8,129,915	8,021,221	8,018,244	8,046,152	8,517,493	9,446,263	10,292,730
Expenditures										
Instruction										
Regular Instruction	764,180	780,396	1,006,992	983,306	928,343	1,059,979	1,118,335	1,601,862	1,752,228	1,545,490
Special Vocational Programs	3,361									
Vocational education	1,507,561	1,725,041	1,733,829	1,903,195	2,060,176	2,280,115	2,426,993	2,698,259	2,539,630	2,619,703
Other instruction	1,720									
School Sponsored Co/Extra Curricular Activities	11,289	16,760	18,225	25,775	33,528	28,393	33,711	39,236	24,173	28,120
Support Services:										
Attendance & Social Work							108,598	64,152	68,539	73,835
Health Services	18,572	31,753	32,027	36,070	38,224	39,339	42,905	53,618	54,825	55,242
Students - Regular	1,140,939	1,273,430	1,594,417	1,482,731	1,295,086	1,095,181	1,209,421	986,591	1,053,612	1,675,738
Improvement of Instruction Services	157,195	127,405	152,432	103,932	72,619	99,932	103,739	115,507	164,186	148,632
Educational Media/School Library	116,688	124,712	143,228	157,393	175,709	261,741	213,095	151,945	157,649	175,315
General Administration	313,484	364,865	347,825	365,085	408,402	295,979	274,829	193,071	244,243	215,975
School Administrative	244,493	269,553	251,048	188,888	237,652	218,016	203,002	237,117	248,180	255,654
Central Services	333,068	322,650	362,159	376,903	428,650	466,584	396,299	413,033	383,020	303,383
Operation and Maintenance of Plant Services	811,858	835,036	840,932	1,133,275	1,222,373	1,186,443	1,098,572	959,147	872,938	846,215
Student Transportation Services	874	2,541	880	8,000	11,405	16,529	27,064	13,352	14,358	15,056
Unallocated Benefits	424,002	478,966	513,087	590,310	659,782	708,469	808,138	995,640	1,120,371	1,188,295
On Behalf Contributions	243,071	251,503	316,238	493,307	558,640	425,911	426,498	428,965	521,488	680,790
Special Schools	26,110									
Capital outlay	318,269	242,622	468,719	640,848	321,867	683,164	1,088,040	2,031,154	1,227,112	230,128
Total expenditures	6,436,732	6,847,232	7,782,037	8,489,021	8,452,455	8,865,776	9,579,237	10,982,649	10,446,552	10,057,571
Excess (Deficiency) of revenues over (under) expenditures	485,110	280,416	315,521	(359,106)	(431,234)	(847,531)	(1,533,085)	(2,465,156)	(1,000,289)	235,159
Other Financing sources (uses)										
Special Rev Fund Return of PY Unexpended Funds	(966)									
Cancellation of Prior Years Accounts Receivable		(41,695)								
Capital Lease Proceeds							3,190,699			
Transfers in	246,705	73			400,000	122,004				
Transfers out	(310,258)	(73)			(400,000)	(122,004)		(21,000)		
Total other financing sources (uses)	(64,520)	(41,695)					3,190,699	(21,000)		
Net change in fund balances	\$ 420,590	\$ 238,721	\$ 315,521	\$ (359,106)	\$ (431,234)	\$ (847,531)	\$ 1,657,614	\$ (2,486,156)	\$ (1,000,289)	\$ 235,159
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
General Fund - Other Local Revenue By Source
Last Ten Fiscal Years
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Tuition	\$ 51,965	\$ 221,000	\$ 284,375	\$ 250,198	\$ 370,898	\$ 331,558	\$ 395,344	\$ 392,340	\$ 654,536	\$ 1,026,990
Post Secondary	36,767	3,300	18,328	4,480	14,850	25,050	10,785	12,400		
Interest Earned on Capital Reserve Funds		11,809	24,486	41,944	43,485	6,000	6,000	6,000		
Interest on Investments	17,332	66,852	124,093	187,855	121,037	66,337	20,672	1,124	2,972	2,195
Child Care Revenue		1,625	-							
Refunds of Prior Year Expenditures	32,435	18,172	-		10,988		23,898	19,833	6,996	21,600
Sale of Fixed Assets	9,214		5,437		10,001	6,215				
Rentals	8,050	10,016	10,997	1,191				1,000		
Supplement Services Provider	80,000							5,000		
NJ Schools Construction Corporation			90,608	15,854						
NJ Clean Energy Program							21,034		5,712	
PSE&G							10,000	10,000		
ESIP Incentive									144,610	
Miscellaneous	30,176	61,603	49,880	77,641	78,999	30,247	19,507	1,967	3,019	1,277
Total	<u>\$ 265,939</u>	<u>\$ 394,378</u>	<u>\$ 608,202</u>	<u>\$ 579,162</u>	<u>\$ 650,258</u>	<u>\$ 465,407</u>	<u>\$ 507,239</u>	<u>\$ 449,664</u>	<u>\$ 817,845</u>	<u>\$ 1,052,062</u>

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Early Retirement	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2013			\$ 2,893,284			\$ 2,893,284	0.00104	\$ 44.05
2012			3,006,220			3,006,220	0.00110	45.71
2011			3,105,040			3,105,040	0.1153%	47.12
2010			3,190,699			3,190,699	0.1218%	48.35
2009						-	not available	
2008		\$ 15,462				15,462	0.0006%	0.23
2007		30,924				30,924	0.0013%	0.47
2006		46,386				46,386	0.0020%	0.70
2005		61,848	74,663			136,511	0.0063%	2.09
2004		78,310	108,750			187,060	0.0089%	2.88

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a Personal income has been estimated upon the county population and per capita

b Per Capital personal income estimated based upon the 2000 Census published

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Years
Unaudited

<u>Year</u>	<u>Population (3)</u>	<u>Personal Income (4)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
2013	65,687	\$ 2,791,514,811	\$ 42,497	10.60%
2012	65,774	2,740,403,990	41,664	11.00%
2011	65,902	2,691,898,994	40,847	10.80%
2010	65,996	2,620,305,184	39,704	11.30%
2009	66,342	2,557,417,758	38,549	10.70%
2008	66,194	2,593,878,084	39,186	6.30%
2007	65,981	2,403,885,773	36,433	4.90%
2006	65,929	2,288,395,590	34,710	5.00%
2005	65,465	2,160,999,650	33,010	4.80%
2004	64,914	2,111,133,108	32,522	5.50%

(1) Source: Regional Economic Information System

(2) Source: US Bureau of Economic Analysis

(3) Source: US Department of Commerce, Bureau of Census Population Division

(4) Source: Personal income has been estimated based upon the county population and per capita

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction										
Regular	10	9	9	11	11	12	16	14	17	17
Vocational	15	22	22	22	22	23	20	21	22	22
Support Services:										
Student & instruction related services	5	6	6	7	7	8	10	10	12	12
Health Services	1	1	1	1	1	1	1	1	1	1
General administration	3	3	3	3	3	3	2	2	2	2
School administrative services	7	5	5	5	5	5	5	5	5	5
Other administrative services	3	5	5	5	5	5	5	5	3	3
Central services	5	7	7	7	7	7	7	7	4	2
Administrative Information Technology	2									
Plant operations and maintenance	15	10	10	10	10	10	11	12	11	11
Other:										
Cafeteria				3	3	3	3	3	4	4
Regional Day School				22	22	22	25	25	22	22
Total	<u>66</u>	<u>68</u>	<u>68</u>	<u>96</u>	<u>96</u>	<u>99</u>	<u>105</u>	<u>105</u>	<u>103</u>	<u>101</u>

Source: District Personnel Records

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Operating Statistics,
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures ^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff ^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Middle School</u>	<u>Senior High School</u>	<u>Average Daily Enrollment (ADE) ^c</u>	<u>Average Daily Attendance (ADA) ^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2013	859	\$ 9,827,443	\$ 11,441	1.26%	39	na	na	22.03	482.4	452.5	-40.44%	93.80%
2012	816	9,219,440	11,298	6.40%	39	na	na	20.92	810.0	771.9	51.12%	95.30%
2011	843	8,951,495	10,619	-1.33%	35	na	na	24.09	536.0	504.0	-19.57%	94.03%
2010	789	8,491,197	10,762	-8.72%	35	na	na	22.54	666.4	635.5	3.40%	95.36%
2009	694	8,182,612	11,791	0.49%	35	na	na	19.83	644.5	611.6	13.27%	94.90%
2008	693	8,130,588	11,732	-1.78%	33	na	na	21.00	569.0	532.0	14.26%	93.50%
2007	657	7,848,173	11,945	-1.34%	33	na	na	19.91	498.0	466.4	5.73%	93.65%
2006	604	7,313,318	12,108	9.63%	31	na	na	19.48	471.0	439.9	3.81%	93.40%
2005	598	6,604,610	11,044	11.92%	31	na	na	19.29	453.7	426.0	0.82%	93.89%
2004	620	6,118,463	9,868	na	25	na	na	24.80	450.0	420.4	4.41%	93.42%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS) and does not include Academy students.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>District Building</u>										
<u>Vocational School</u>										
Salem County Vocational (1973)										
Square Feet	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment (Full-time equivalent)	468	462	501	506	540	560	677	686	695 *	859
Number of Schools at June 30, 2013										
Elementary = 0										
Middle School = 0										
Senior High School = 0										
Vo-Tech = 1	1	1	1	1	1	1	1	1	1	1

Source: District Facilities Office

* = includes academy students

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years
Unaudited

Undistributed Expenditures - Required Maintenance for School Facilities

11-000-261-xxx

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>* School Facilities</u>	<u>Project # (s)</u>										
Salem County Vocational School	N/A	<u>\$ 197,378</u>	<u>\$ 266,363</u>	<u>\$ 271,133</u>	<u>\$ 469,447</u>	<u>\$ 514,030</u>	<u>\$ 424,413</u>	<u>\$ 337,165</u>	<u>\$ 221,957</u>	<u>\$ 181,183</u>	<u>\$ 202,435</u>
Total School Facilities		<u>197,378</u>	<u>266,363</u>	<u>271,133</u>	<u>469,447</u>	<u>514,030</u>	<u>424,413</u>	<u>337,165</u>	<u>221,957</u>	<u>181,183</u>	<u>202,435</u>
Total		<u>\$ 197,378</u>	<u>\$ 266,363</u>	<u>\$ 271,133</u>	<u>\$ 469,447</u>	<u>\$ 514,030</u>	<u>\$ 424,413</u>	<u>\$ 337,165</u>	<u>\$ 221,957</u>	<u>\$ 181,183</u>	<u>\$ 202,435</u>

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Insurance Schedule

6/30/2013

Unaudited

	<u>Coverage</u>	<u>GCSSDJIF SIR Retention</u>	<u>District Deductible</u>
Property Policy	\$ 150,000,000	\$ 250,000	\$ 500
Boiler & Machinery / Equipment Breakdown	125,000,000	None	1,000
Crime Policy	500,000	250,000	500
General Liability and Automobile Policy	10,000,000	250,000	None
Workers' Compensation and Employer's Liability Policy	Statutory	250,000	None
Educator's Legal Liability Insurance Policy	10,000,000	100,000	None
Commercial Pollution and Mold Legal Liability Insurance	3,000,000	None	25,000
Bonds			
Board Secretary	50,000		
Treasurer of School Funds	150,000		

Source: District Records

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

November 25, 2013

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Salem County Vocational Technical School District
County of Salem, New Jersey 08079

We have audited the financial statements of the governmental activities, the business – type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2013, which collectively comprise the Board of Education of the Salem County Vocational Technical School District's basic financial statements and have issued our report thereon dated November 25, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Salem County Vocational Technical Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Salem County Vocational Technical Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Salem County Vocational Technical Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Salem County Vocational Technical Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards*** and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

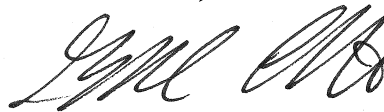
However, we noted five other immaterial matters that were reported to the Board of Education of the Salem County Vocational Technical School District in a separate report entitled, *Auditor's Management Report on Administrative Findings-Financial Compliance and Performance* dated November 25, 2013.

Purpose of this Report

This report is intended solely for the information and use of the audit committee, management, the Salem County Vocational Technical Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

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991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

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Fax (856) 728-2245

November 25, 2013

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF FINANCIAL ASSISTANCE REQUIRED
BY NEW JERSEY OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Salem County Vocational Technical School District
County of Salem, New Jersey 08079

Report on Compliance for Each Major Program

We have audited the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the ***OMB Circular A-133 Compliance Supplement*** and ***New Jersey State Aid/Grant Compliance Supplement*** that could have a direct and material effect on each Salem County Vocational Technical School District's major federal and state programs for the fiscal year ended June 30, 2013. The Salem County Vocational Technical Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the Salem County Vocational Technical Board of Education's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 04-04, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***. Those standards and OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Salem County Vocational Technical Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Salem County Vocational Technical Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Salem County Vocational Technical School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Salem County Vocational Technical Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Salem County Vocational Technical School District's Board of Education's internal control over compliance.

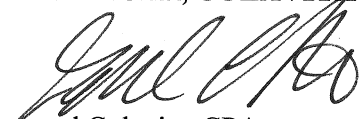
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Salem County Vocational Technical Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2012	Due to Grantor at June 30, 2012	Cash Received	Budgetary Expenditures	Balance June 30, 2013		
				From	To	Deferred Revenue (Accounts Receivable)				(Accounts Receivable)	Unearned Revenue	Due to Grantor at June 30, 2013
Special Revenue Fund:												
U.S. Department of Education:												
Passed-Through State Department of Education:												
Title I	84.010A	NCLB464013	93,877	9/1/12	8/31/13			\$ 66,690	\$ (72,537)	\$ (5,847)		
Title I	84.010A	NCLB464012	45,717	9/1/11	8/31/12	\$ (17,273)		17,273				
Title I	84.010A	NCLB464011	49,900	9/1/10	8/31/11	(183)				(183)		
Title II Part A	84.367A	NCLB464013	4,282	9/1/12	8/31/13			4,282	(4,281)		\$ 1	
Title II Part A	84.367A	NCLB464012	10,517	9/1/11	8/31/12	(663)		663				
Title II Part A	84.367A	NCLB464013	9,019	9/1/12	8/31/13			2,912	(2,912)			
IDEA	84.027	IDEA464013	116,531	9/1/12	8/31/13				(116,531)	(116,531)		
IDEA	84.027	IDEA464012	108,784	9/1/11	8/31/12	(27,776)		27,776				
IDEA	84.028	IDEA464012	4,778	9/1/11	8/31/12			4,748	(4,748)			
Perkins - Secondary	84.048A	PERK 464013	65,225	7/1/12	6/30/13			65,225	(65,225)			
Perkins - Secondary Reserve	84.048A	PERK 464013	30,313	7/1/12	6/30/13			30,311	(30,311)			
Race to the Top 3	84.413A	RTTT 3-4640-13	3,641	7/1/11	11/31/15			3,641	(3,641)			
21th Century	84.287C	NGO-11-K17-HO5	500,000	9/1/12	8/31/13			318,758	(473,048)	(154,290)		
21st Century	84.287C	NGO-11-K17-HO5	500,000	9/1/11	8/31/12	(41,427)		41,427				
21st Century	84.287C	NGO-11-K17-HO5	47,289	9/1/11	8/31/12			47,234	(47,237)	(3)		
21st Century Supplemental	84.287C	NGO-11-K17-HO5	34,482	9/1/12	8/31/13			12,485	(17,066)	(4,581)		
Passed-Through State Department of Labor and Workforce Development:												
Adult Basic Skills	84.002	Sub grantee	109,137	9/1/12	8/31/13			52,099	(109,078)	(56,979)		
Adult Basic Skills	84.002	Lead Agent	549,700	9/1/12	8/31/13			396,230	(530,483)	(134,253)		
Adult Basic Skills	84.002	Sub grantee	141,500	7/1/11	6/30/12	(15,049)		15,049				
Adult Basic Skills	84.002	Lead Agent	524,022	7/1/11	6/30/12	(90,152)		90,152				
Adult Basic Skills	84.002	Lead Agent	406,477	7/1/10	6/30/11	4,882					4,882	
Industry Talent Developmt. Partnership	N/A	ITDP-FY13-01-003	280,370	7/1/12	9/30/13			220,296	(257,121)	(36,825)		
Special Revenue Fund - Total U.S. Department of Education						(187,641)		1,417,251	(1,734,219)	(509,492)	4,883	
Total U.S. Department of Education						(187,641)		1,417,251	(1,734,219)	(509,492)	4,883	
U.S. Department of Labor:												
Passed-Through Salem County One-Stop Management Team:												
Workforce Investment Act (In School)	17.250	WIA-269-2012-02	67,392	9/1/11	8/31/12	(4,650)		5,443			793	
Workforce Investment Act (In School)	17.250	WIA-269-2013-03	41,752	9/1/12	8/31/13			14,706	(25,059)	(10,353)		
Workforce Investment Act (In School)	17.250	WIA-269-2012-04	37,585	9/1/11	8/31/12			29,124	(29,124)			
Workforce Investment Act (Out of School)	17.250	WIA-269-2013-01	42,166	9/1/12	8/31/13			13,467	(20,276)	(6,809)		
Workforce Investment Act (Out of School)	17.250	WIA-269-2012-02	20,460	9/1/11	8/31/12			7,864	(7,864)			
Workforce Investment Act (Out of School)	17.250	WIA-269-2012-01	40,000	9/1/11	8/31/12	(1,627)		1,627				
Total U.S. Department of Labor						(6,277)		72,231	(82,323)	(17,162)	793	
Total Special Revenue Fund						(193,918)		1,489,482	(1,816,542)	(526,654)	5,676	
Enterprise Fund:												
U.S. Department of Agriculture:												
Passed Through State Department of Education:												
Food Distribution Program	10.565	N/A	15,016	9/1/12	8/31/13			15,016	(15,016)			
National School Breakfast Program	10.553	N/A	5,876	7/1/11	6/30/12	(270)		270				
National School Breakfast Program	10.553	N/A	10,525	9/1/12	8/31/13			9,574	(10,525)	(951)		
National School Lunch Program	10.555	N/A	56,580	7/1/11	6/30/12	(2,267)		2,267				
National School Lunch Program	10.555	N/A	69,594	9/1/12	8/31/13			65,130	(69,594)	(4,464)		
Total U.S. Department of Agriculture and Enterprise Funds						(2,537)		92,257	(95,135)	(5,415)		
Total Federal Financial Assistance						\$ (196,455)		\$ 1,581,739	\$ (1,911,677)	\$ (532,069)	\$ 5,676	

(A) Canceled / Adjustment

(B) Prior Year Encumbrance Canceled

The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2013

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	To	Balance June 30, 2012	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2013			Memo	
					Deferred Revenue (Accounts Receivable)				(Accounts Receivable)	Unearned Revenue	Due to Grantor at 6/30/13	Budgetary Receivable June 30, 2013	Cumulative Total Expenditures
State Department of Education (State Aid):													
General Fund:													
Special Education Aid	13-495-034-5120-089	\$ 379,325	7/1/12	6/30/13			\$ 340,974	\$ (379,325)				\$ (38,351)	\$ (379,325)
Special Education Aid	12-495-034-5120-089	348,405	7/1/11	6/30/12	\$ (34,089)		34,089						
Equalization Aid	13-495-034-5120-078	4,200,720	7/1/12	6/30/13			3,781,573	(4,200,720)				(419,147)	(4,200,720)
Equalization Aid	12-495-034-5120-078	4,017,802	7/1/11	6/30/12	(403,137)		403,137						
Security Aid	13-495-034-5120-084	14,559	7/1/12	6/30/13			12,690	(14,559)				(1,869)	(14,559)
On Behalf Pension Contributions	13-495-034-5095-006	205,791	7/1/12	6/30/13			205,791	(205,791)					(205,791)
On Behalf TPAF Post Retirmt. Medical C	13-495-034-5095-002	232,698	7/1/12	6/30/13			232,698	(232,698)					(232,698)
TPAF Social Security Contributions	12-100-034-5095-002	232,798	7/1/11	6/30/12	(11,063)		11,063						
TPAF Social Security Contributions	13-100-034-5095-002	242,301	7/1/12	6/30/13			230,852	(242,301)	\$ (11,449)				(242,301)
Total General Fund					(448,289)		5,252,867	(5,275,394)	(11,449)			(459,367)	(5,275,394)
Special Revenue Fund:													
State Department of Education:													
Carl D. Perkins - Post Secondary	PERK464013	85,768	7/1/12	6/30/13			85,798	(85,768)		\$ 30			(85,768)
Total State Department of Education							85,798	(85,768)		30			(85,768)
State Department of Human Services:													
School Based Youth Services	SBYS13XXSP	280,682	7/1/12	6/30/13			279,754	(270,600)		9,154			(270,600)
School Based Youth services--Family Court	N/A	10,000	1/1/13	12/31/13			7,500	(5,000)		2,500			(5,000)
School Based Youth services--Family Court	N/A	16,000	1/1/12	12/31/12	4,000			(4,000)					(4,000)
Total State Department of Human Services					4,000		287,254	(279,600)		11,654			(279,600)
Total Special Revenue Fund					4,000		373,052	(365,368)		11,684			(365,368)
Enterprise Fund:													
State School Lunch Program	13-100-010-3350-023	2,201	7/1/12	6/30/13			1,939	(2,201)	(262)				
State School Lunch Program	12-100-010-3350-023	1,789	7/1/11	6/30/12	(70)		70						
Total Enterprise Funds					(70)		2,009	(2,201)	(262)				
Total State Financial Assistance					\$ (444,359)		\$ 5,627,928	\$ (5,642,963)	\$ (11,711)	\$ 11,684		\$ (459,367)	\$ (5,640,762)

(A) Canceled / Adjustment
(B) Prior Year Encumbrance Canceled

The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2013

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Salem County Vocational Technical School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits for States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A., 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A., 18A:22-44.2*.

There were no net adjustments to reconcile from the budgetary basis to the GAAP basis for the general fund and an adjustment in the special revenue fund of \$13,278. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2013

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 5,252,580	\$ 5,252,580
Special Revenue Fund	1,829,304	365,884	2,195,188
Food Service Fund	<u>95,135</u>	<u>2,201</u>	<u>97,336</u>
Total Awards & Financial Assistance	\$ <u>1,924,439</u>	\$ <u>5,620,665</u>	\$ <u>7,545,104</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Salem County Vocational Technical School District had no outstanding loans at June 30, 2013.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2013. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 8: MAJOR PROGRAMS

The award designated as a major program is identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

NOTE 9: ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2012-13 as well as cancellations.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

Type of auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes X no

CFDA Number(s)

Name of Federal Program or Cluster

84.287
84.002

21st Century
Workforce Development – Adult
Basic Skills

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes _____ no

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)**

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? _____ yes X no

Internal control over major programs:

1) Material weakness (es) identified? _____ yes _____ X no

2) Significant deficiencies identified that
are not considered to be material
weaknesses? _____ yes _____ X none
reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to
be reported in accordance with NJOMB
Circular Letter 04-04 _____ X yes _____ no

Identification of major programs:

GMIS Number(s)

Name of State Program

13-495-034-5120-078
13-495-034-5120-089
13-495-034-5120-084

Equalization Aid
Special Education Aid
Security Aid

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)**

Section II - Financial Statement Findings

Finding: NONE

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Management's response:

STATE FINANCIAL ASSISTANCE

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

This section identifies the status of prior - year findings related to the general - purpose financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR - YEAR FINDINGS

NONE